Investor presentation

October 21, 2024

EUROPEAN ENERGY

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Agenda

1. Transaction overview
2. Introduction to EE
3. Market outlook
4. Financial performance
5. Key risk factors

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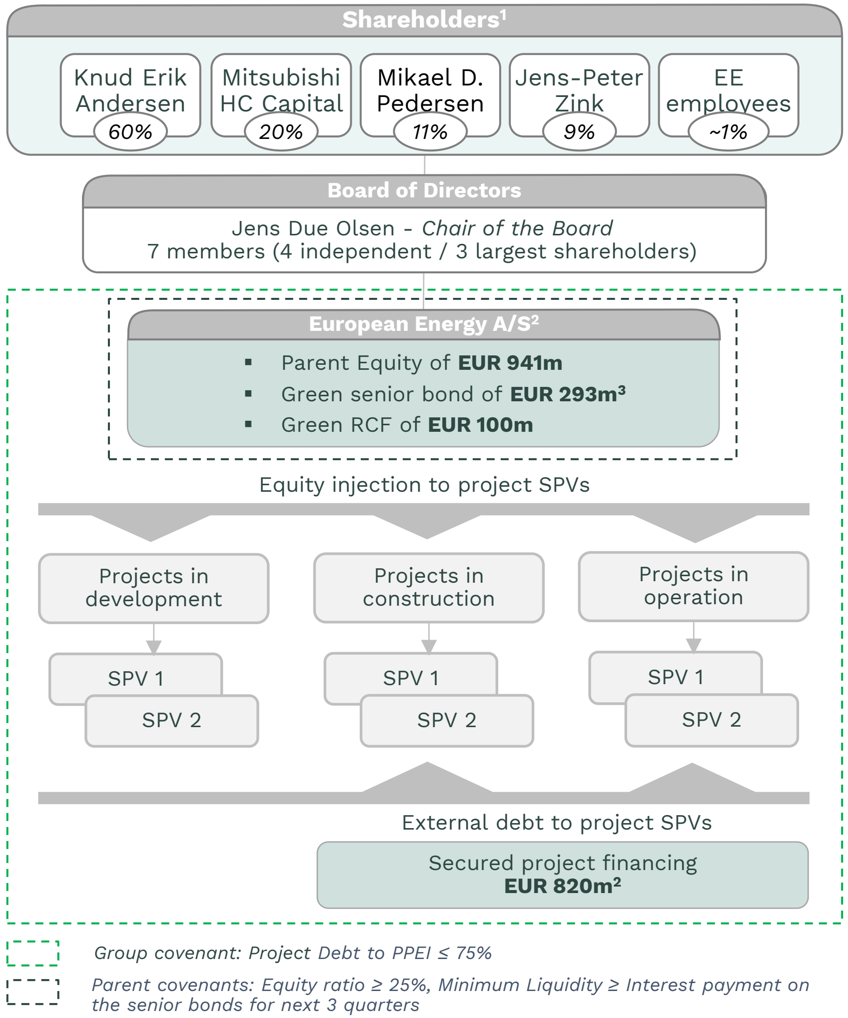
European Energy announces a proactive refinancing and subsequent tender offer on all outstanding unsecured senior bonds



- European Energy (EE) has announced an issuance of a new 3Y senior unsecured bond with maturity in 2027 to manage the upcoming maturity of the existing bonds and finance future investments. In conjunction with the transactions, EE has also announced a tender offer for its existing 2025 and 2026 senior unsecured bonds (ISIN: DK0030511613 and DK0030494505). The tender offer is conditional on the new issue transactions completing successfully
- EE's Green Finance Framework includes green bonds, green loans and other types of debt instruments which are used to finance, or re-finance, eligible assets which includes development, construction, operation and maintenance of renewable energy projects (such as solar and wind power, storage of electricity and PtX)
- EE operates with a two-layered capital structure. The issuer (European Energy A/S) constitutes the top-layer of the capital structure providing equity-like financing (unsecured and structurally subordinated) to the projects and project companies. Parent debt funding has in recent years been raised in the unrated Nordic bond market as senior unsecured bonds but also includes a Revolving Credit Facility (RCF). Parent debt is serviced by i) profit from sale of energy parks and projects ii) cash flow from sale of energy (from operating assets/IPP) and iii) EPC/Asset Management fees
- The project-level financing is predominantly provided by banks and secured by SPV shares/assets under a non-recourse structure if the asset is operational. The project level debt is typically 60-90% of the construction costs. For projects under construction, a recourse element to European Energy A/S via a parent company guarantee or similar is common
- Sometimes several projects in the same project company group are financed with a joint financing if it results in more favorable financing terms and matches a potential exit strategy
- In April 2024, European Energy raised new equity of approximately EUR 700m from MHC Capital through issuance of 20% new shares.

Notes: 1) Holdings split by voting rights; 2) As per H1'24 interim report; 3) European Energy has 2 senior bonds of EUR 195m and EUR 97.5m in notional value. In H1 '24 EUR 288m is booked, which include capitalized costs

Indicative key terms for the new senior unsecured green bond

Issuer:	European Energy A/S
Country:	Denmark
Rating:	Unrated
Status:	Senior Unsecured
Amount:	Min. EUR 300m under a framework of EUR 400m
Maturity:	November 2027 (3 years)
Call option:	All of the bonds (or some if total issue remains > EUR 100m) can be repaid at a price related to the time passed since issuance: <18M @ 100% + MW; 18-24M @ 100% + 50% of Margin for 1 year; 24M-30M @ 100% + 25% of Margin for 1 year; 30M-33M @ 100% + 12.5% of Margin for 1 year; 33M-36M @ 100%
Interest rate:	3m Euribor + Margin of [•]bps, paid quarterly in arrear (zero EURIBOR floor), act/360
Financial Undertakings:	Maintenance Covenants • Equity Ratio (parent company): ≥ 25% • Project Debt to PPEI Ratio: ≤ 75% • Minimum liquidity (parent company) corresponding to aggregate estimated amount of interest payable in respect of the bonds for the next three (3) Interest Periods Incurrence Test (parent company): • Equity Ratio: ≥ 35% • ICR: ≥ 2.75x
General Undertakings:	Standard general undertakings pursuant to the terms and conditions, including *inter alia*: • Distributions • Financial Indebtedness • Negative Pledge • Financial Support • Nature of Business
Put option:	101% upon a change of control event or a listing failure event
Docs:	Standalone, Danish law
Denomination:	EUR 0.01 (minimum trading unit EUR 100k)
Listing:	Nasdaq Copenhagen or other regulated market subsequent to the placing, intention to list within 6 months after the First Issue Date
Use of Proceeds:	The Net Proceeds from the issuance of the Initial Bonds shall be used for financing or refinancing of eligible projects in accordance with the Green Finance Framework dated October 2024, including principally for refinancing in full of the Issuer’s outstanding existing senior unsecured green bonds due 2025 and 2026
Agent:	Nordic Trustee
Joint Bookrunners:	Danske Bank, DNB, Nordea & SEB
Target market:	Eligible counterparties, professional clients and certain retail investors (contact Joint Bookrunners for full target market assessment)

Green Finance Framework

Our Green Finance Framework is structured in accordance with the 2021 International Capital Markets Association (ICMA) Green Bond Principles (GBP), as well as the 2023 Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA) Green Loan Principles (GLP).

The framework includes **green bonds and green loans** which are used to finance or refinance eligible assets and projects as well as **“general corporate purpose” financing** if the Green Corporate Eligibility Criteria are fulfilled .

The eligible asset category is “Renewable energy” and can be mapped to the following EU Taxonomy activities:

- Development, construction, operation and maintenance of renewable energy projects (i.e. **solar, wind, storage of electricity and Power-to-X facilities**), relevant EU Taxonomy activities: 3.10, 4.1, 4.3, 4.10, 7.6

Eligible assets and projects **may cover both operational expenditures and capital expenditures**, such as labour costs or spending on R&D

This Green Finance Framework replaces our prior green finance framework dated June 2021. The prior green finance framework will continue to apply to outstanding Green Finance Instruments under that framework

Second Party Opinion (pre-issuance)	S&P Global Assessment: **Dark Green**
Process selection	European Energy’s investment committee is responsible for ensuring that only projects aligned with the framework are financed with proceeds from green bonds
Management of proceeds	European Energy has established a Green Finance Register to monitor a portfolio of Eligible Assets and to provide an overview of the allocation of the net proceeds from the Green Finance Instruments issued or borrowed on a portfolio basis to the respective Eligible Assets
Reporting	European Energy will annually publish a report on the allocation and impact of Green Finance Instruments issued or borrowed under this Green Finance Framework on a portfolio basis

Agenda

1. Transaction overview
2. Introduction to EE
3. Market outlook
4. Financial performance
5. Key risk factors

Key credit highlights

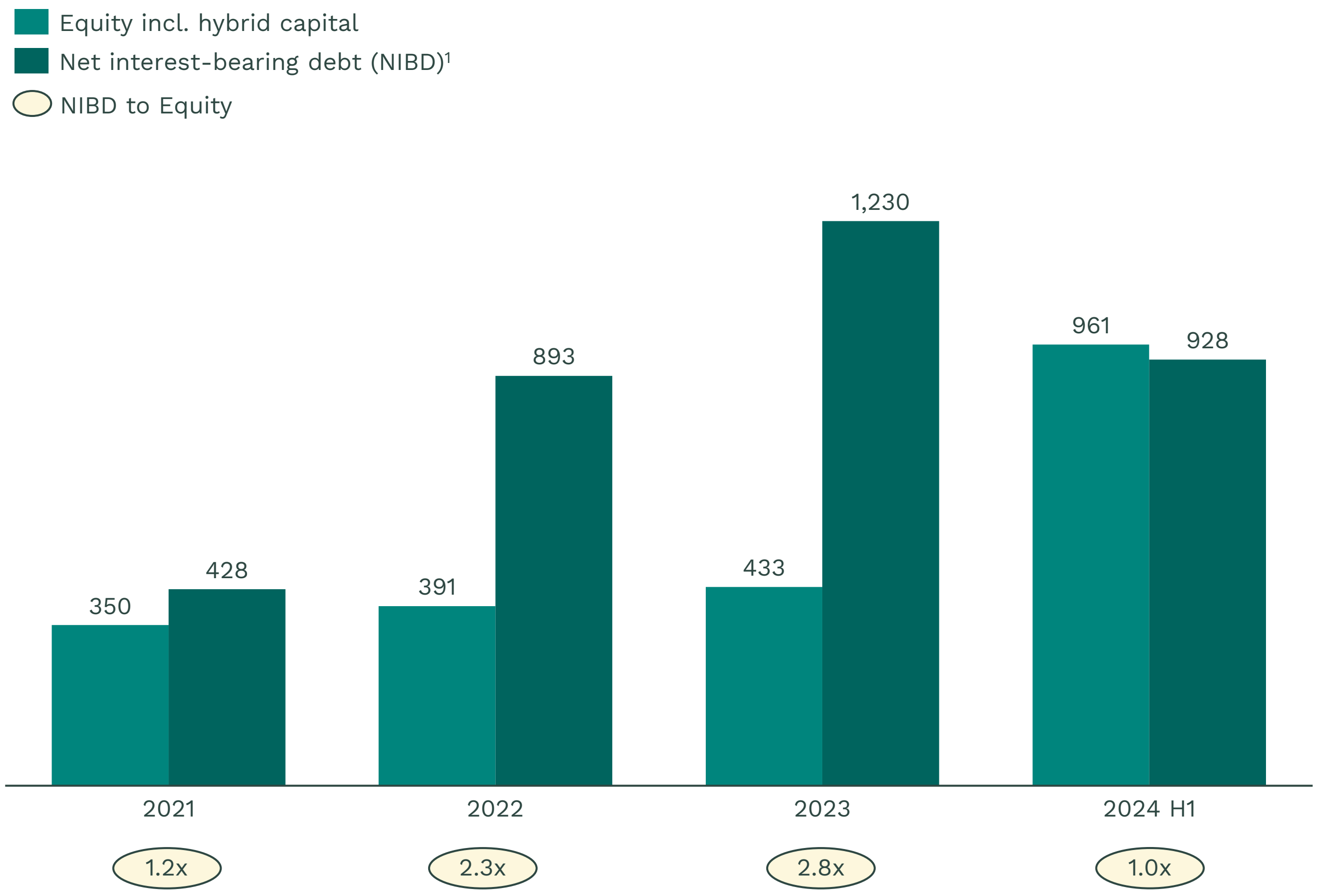
Topic	Key Take Aways
1 **Market/ mega trends**	▪ **Climate goals and expansion:** Climate change, increasing global temperatures[1] and energy independence targets drive expansion policies in global renewable capacity. Global renewable capacity is expected to grow by almost 2.4 TW between 2022 and 2027 (5-year period), compared to approx. 2.0 TW from 2010 to 2021 (10-year period). ▪ **Electrification and demand growth:** Rising power demand, especially from heavy industries and ICT industry (Information and Communications Technology), as well as increasing demand for contracted capacity (PPAs[2] and CFDs[3]) drives long-term renewable energy build-out.
2 **Business**	▪ **Diversified Project Portfolio:** We have a broadly diversified project portfolio across ~25 countries (mainly OECD) and ~ 900 projects. This reduces concentration risks and provides a more resilient business model ▪ **High-value projects portfolio[4]:** We hold a substantial portfolio of 5.1 GW of high-value projects across multiple countries and technologies, providing a strong basis for future income. ▪ **Development and PtX[5] pipeline:** A sizeable development and construction portfolio of PtX assets supports growth targets in major markets. Early entry into PtX will help sustain longer-term growth and add synergies. In 2024, we will achieve key milestones with hydrogen and methanol production from our two Danish landmark projects. ▪ **Flexible capex and devex spend:** We manage investment spend continuously with due considerations to our financial performance and capacity, market sentiment and where financially attractive opportunities exist (e.g. in terms of offtake or financing) with the aim of always achieving satisfactory earnings margins and a comfortable liquidity position. ▪ **Integrated business model:** We have in-house competencies within development, structuring, EPC, power sales and asset management i.e. across the full value chain. This enables us to control costs, profitability and risks of our projects which has resulted in successful completion of more than 250 projects all generating positive results. ▪ **Efficient value-creation:** Short processes (12-24 months) from ready-to-build to grid connection with divestment optionality throughout the process also reducing exposure to general market risks. ▪ **High margin earnings mix:** Our key business areas i.e. project sales and power sales are both highly profitable. By balancing recurring power sales and more volatile project sales we achieve a more stable earnings profile.
3 **Financials**	▪ **Asset rotation:** Since 2019, divestments totaling approx. EUR 1.3bn with ~25% margins supporting continued growth or de-leveraging as needed. ▪ **Strong financial track record:** EBITDA CAGR of 39 % over the last five years, with a solid equity position following a 20% primary equity issuance equal to EUR 700m+ to a strategic partner (Mitsubishi HC Capital) in spring 2024, tripling company equity.

Notes: 1) IEA world energy outlook Stated Policies Scenario concludes increase in global temperatures of 2,5 degrees 2) Pay-as-produced power purchase agreements are offtake agreements for a percentage of the power produced by a project. 3) Contract for difference. 4) High-value portfolio comprises projects in structuring, construction and operations. Projects in these phases are routinely divested and therefore a leading indicator of value. 5) Power-to-X

Capital raised from Mitsubishi HC Capital has strengthened our balance sheet and will support our strategic ambitions going forward

Group capital base, 2021-H1 2024

EURm



MITSUBISHI HC CAPITAL (Ticker Code: TSE 8593) S&P: A- Moody's: A3

Mitsubishi HC Capital Group (the Group) globally operates and develops a variety of business with seven business segments; Customer Solutions, Global Business, Environment & Energy, Aviation, Logistics, Real Estate and Mobility. In Environment & Energy, the Group is already one of the leading players of renewable energy in Japan and has been investing in renewables in Europe and North America since 2017. It intends to strengthen and make the renewable energy business a growth driver for the group by actively expanding its presence overseas.

- A strategic equity partnership between European Energy A/S and Mitsubishi HC Capital Inc. was closed April 17th, 2024. Mitsubishi HC Capital acquired a 20% stake in European Energy at an implied equity valuation of EUR 3.5bn. The approximately EUR 700m injected as primary equity significantly bolstered European Energy's capital base and growth potential.
- After closing, a short-term liability management exercise was performed, redeeming approximately EUR 500m in total of debt at parent and project level to bridge period between transaction closing and deployment of capital in projects
- This provided an immediate strengthening and deleveraging of our balance sheet, improving capital structure and financial metrics.

Notes: 1) NIBD consists of senior bonds, project financing, lease liabilities, cash and cash equivalents

European Energy has become a leading independent renewable energy platform

Development Pipeline and Construction Portfolio split in GW and investment potential exposure[1] as of H1' 2024

Solar PV

GW 76%

€[1] ~50%

Solar accounts for 76% of our project portfolio in MW but only ~50% of our potential investments, with the majority in Europe and the rest spread across Australia, the USA, and Brazil

Onshore Wind

GW 19%

€[1] ~40%

Wind accounts for 19% of our project portfolio in MW but ~40% of our potential investments, with 95% of the capacity located in Europe

Offshore Wind

GW 1%

€[1] <1%

Activity solely in Europe.
We farm down majority at FID[2]

Other (Power-to-X, Carbon Capture and BESS)

GW 4%

€[1] ~5-10%

CO_2

Activity in both Europe and the United States

As of Q2 2024 our pipeline amounts to 65.8 GW in various phases

24.5 GW
Screening Pipeline
(FY 2023: **23.7 GW**)
(FY 2022: **29.0 GW**)

→

38.9 GW
Development Pipeline
(FY 2023: **38.9 GW**)
(FY 2022: **31.1 GW**)

→

1.2 GW
Construction Portfolio
(FY 2023: **0.9 GW**)
(FY 2022: **1.3 GW**)

→

1.2 GW
IPP Portfolio
(FY 2023: **1.0 GW**)
(FY 2022: **0.9 GW**)

Divestment of Project rights

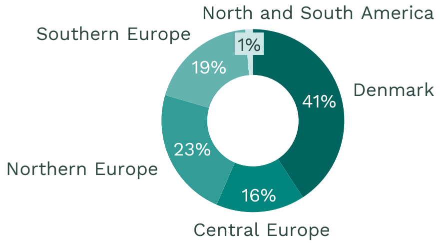
Divestment of IPP assets

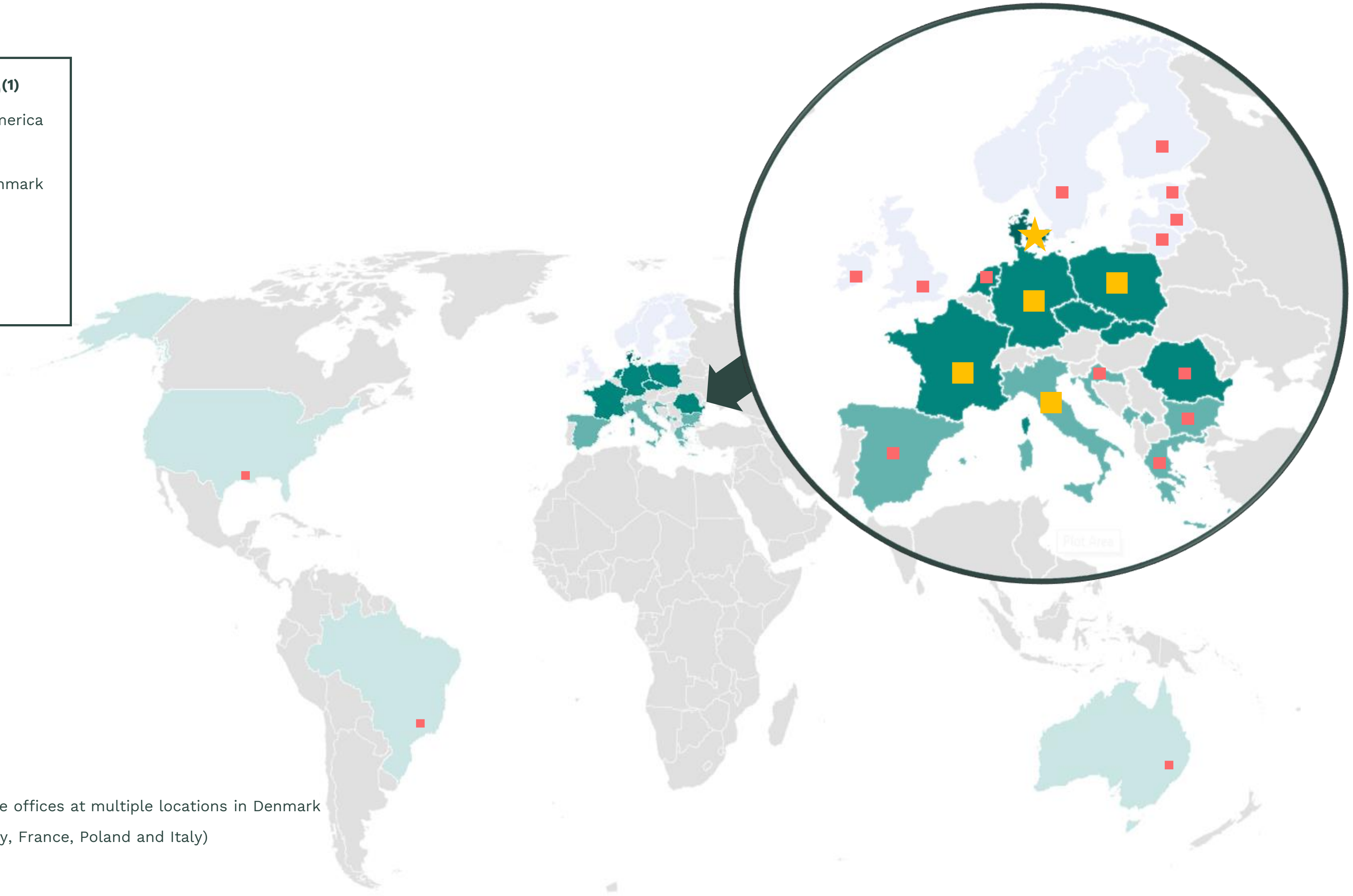
In 2023, we divested 1.1 GW and grew the IPP portfolio by net 0.1 GW, a total of 1.2 GW. The majority of the 2024 divestments are planned in H2 2024.

Notes: 1) Expected invested capital based on average DEVEX and CAPEX per MW for each technology and country assuming that full development pipeline is constructed 2) Final Investment Decision for taking construction risk.

Global Reach, Local Impact: European Energy's Expansion Across 25 Countries

Revenue Split (2021-23)(1)





★ Headquarter in Søborg, we have offices at multiple locations in Denmark

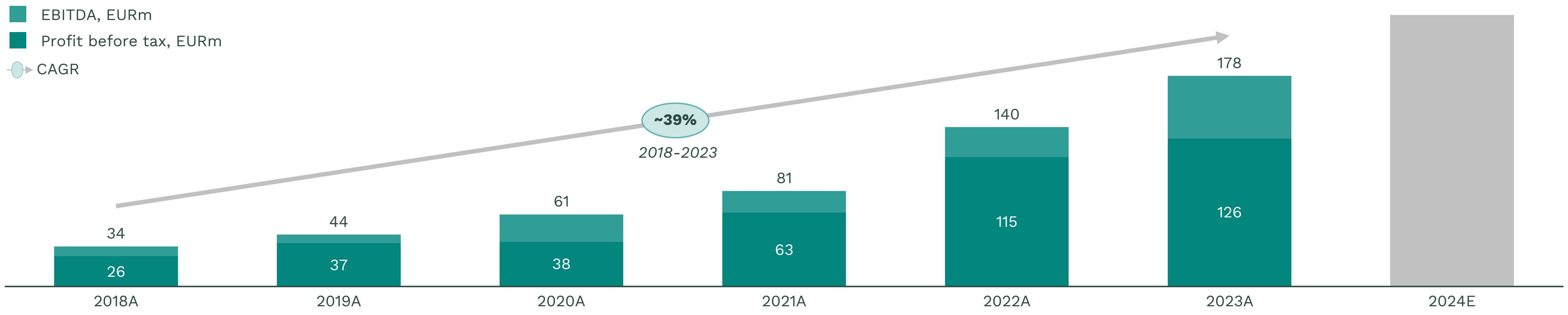
■ Multiple Local Offices (Germany, France, Poland and Italy)

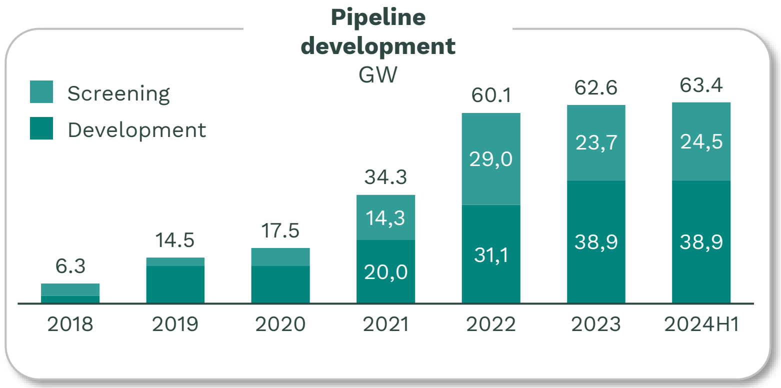
■ One Local Office (16 in total)

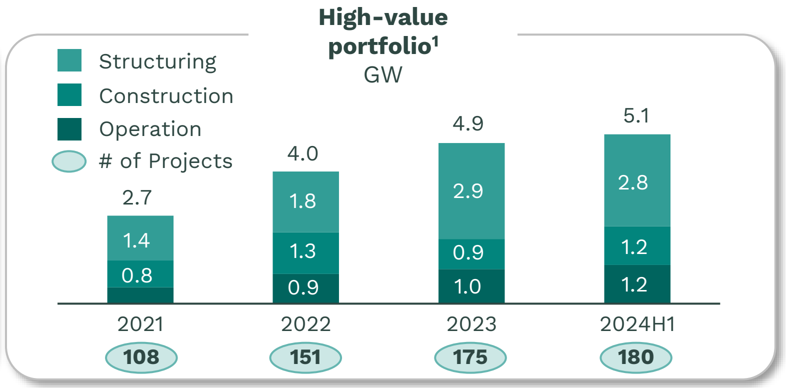
Note 1) : Calculated as the ratio of the summed market revenue to the summed total revenue for fiscal years 2021-2023

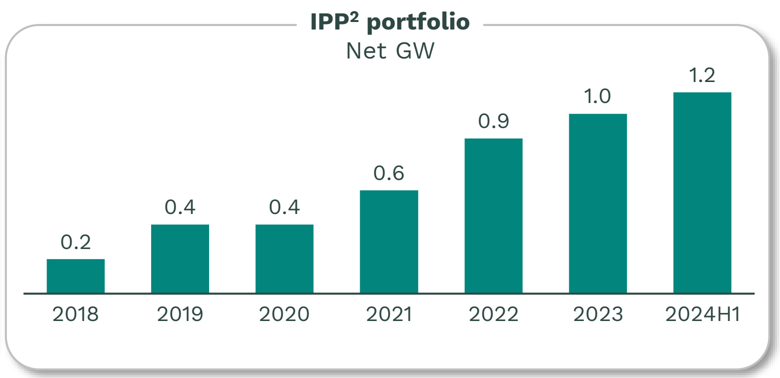
European Energy has an impressive track of developing a growing project pipeline and turning this into an increasing EBITDA

2018-2019: Growing the pipeline | **2020-2023: EE as global major** | **2024-202X: Power-to-X**









Notes: 1) High-value portfolio comprises projects in structuring, construction and operations. Projects in these phases are routinely divested and therefore a leading indicator of value, 2) Independent Power Producer

Renewable energy platform with offering across the value chain

Business model is fully integrated covering six practices and is well-proven with a track-record of +200 projects

Development

Site selection, securing land, environmental assessments, permits and grid

Software tool to identify new development sites

WTG site & layout

Solar site & layout

Structuring

Group level
Optimising capital structure to fund growth and ensure liquidity management

Project level
Offtake (2)
Procurement (1)
Financing (3)

Design & engineering
In-house competencies to handle all key design and engineering activities

Construction

Managing construction phase from final design to grid connection

Strong track-record for constructing assets

~1.4%
Average cost overrun for projects (2019-2024)[1]

Divestment / Ownership

Divestment
Sale and handover of renewable energy assets to long-term investors

18% solar
24% wind
Average divestment gross profit margin for projects sold after COD (2018-2023)[2]

Ownership
Electricity sales and evaluate strategic rationale e.g., for repowering

Asset management

Monitoring and increasing asset performance as well as managing administrative tasks

Full scope asset mgmt. services including O&M

O&M
360° scope
Commercial mgmt.
Technical mgmt.

Solar
Offshore wind
Onshore wind
Power-to-X

Notes: 1) Simple average of the difference between budgeted capex at Final Investment Decision (FID) and realized capex for each project reaching Commercial Operation Date (COD) 2) Simple average of realized gross profit margin on divested projects

Power-to-X breakthroughs in 2024

- **Måde PtX – First production of hydrogen in September 2024:**
  - In late 2022, European Energy initiated the transformation of the site into a Power-to-X test facility. Since the only inputs are green electricity and water, this solution makes it possible to indirectly electrify hard-to-abate sectors, which will be key to the green transition.
  - As of September 2024, our Power-to-X team ramped up production and filled the first trailer with green hydrogen complying with the key specifications. The produced hydrogen has a purity of 99.99% and fulfilled all requirements.

- **Kassø PtX - We expect to produce the first methanol at Kassø in Q4 2024**:
  - At Kassø, we completed a 304-MW solar park in 2022, which powers an adjacent e-methanol plant. The plant will produce up to 32,000 tonnes of e-methanol annually and supply around 50 GWh of heating to the local district heating network. Offtake agreements have been made with Mærsk for its first methanol-powered vessel, as well as with Novo Nordisk and LEGO Group to replace some fossil-based plastics with lower-carbon alternatives.
  - European Energy has also sold a 49% stake in the Kassø Solar Park and the e-methanol facility to Mitsui. We expect to take Kassø - the world's first large-scale e-methanol facility - successfully into operation in Q4 2024 by producing the first methanol, marking a significant milestone and showcasing our leadership in e-methanol and hydrogen.

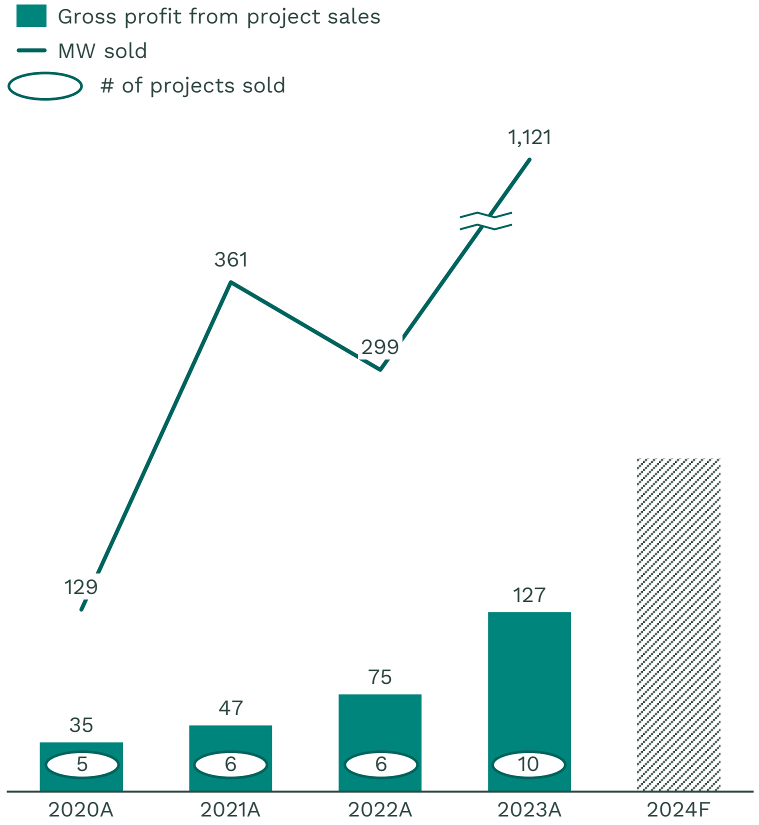
Måde Power-to-X, first hydrogen produced September 2024

Kassø Power-to-X, first e-methanol production exp. Q4 2024

App. 2 GW of projects are currently in active sales processes

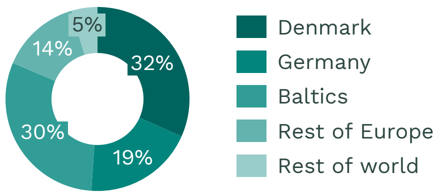
Project sales, 2020-2024

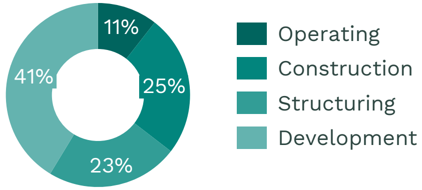
EURm

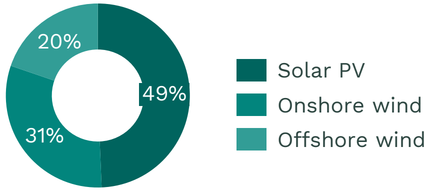


Current divestment pipeline[1]

(% of MW)







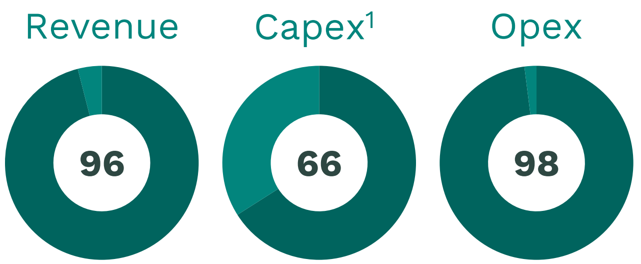
- Current divestment pipeline contains app. 40 projects with a total capacity of app. 2 GW
- The pipeline is diversified across geography, phase and technology to limit exposure to individual markets risks
- Our assets continue to receive interest, but we also see longer timelines to conclude sales
- As in 2023, we expect most divestments in 2024 to materialize during the last part of the year

Notes: 1) Covers divestment expected both in 2024 and 2025

ESG highlights H1 2024

Taxonomy-eligible KPIs

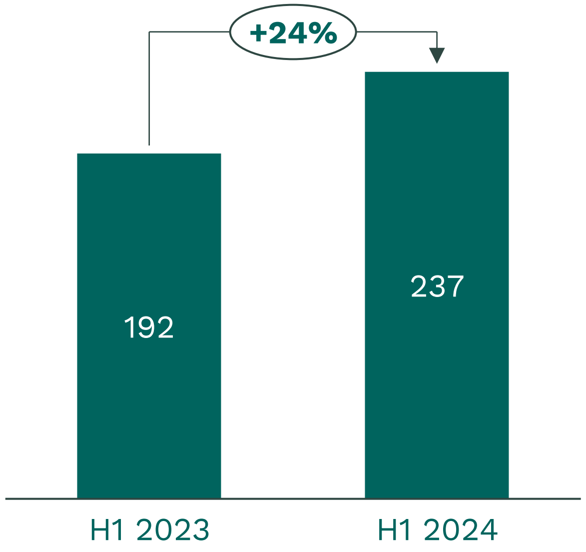
%



European Energy's economic activities are Taxonomy-eligible with high eligibility across revenue, capex and opex, showing our substantial contribution to climate change.

Avoided GHG emissions

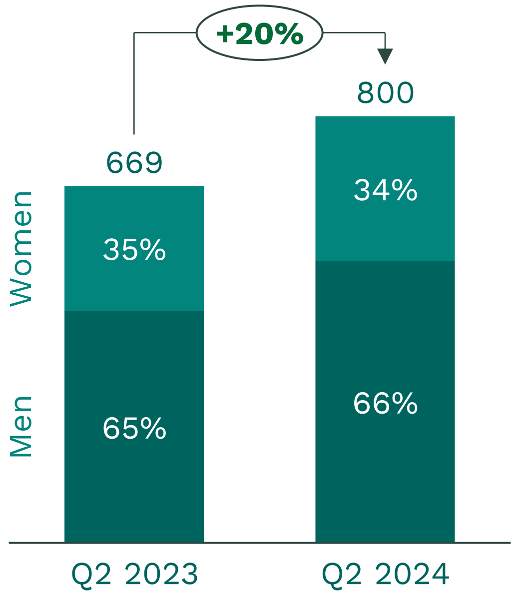
000' Tonnes CO2e



We avoided 237,252 tonnes of CO2e GHG emissions through the 1,020 GWh renewable energy we produced in H1 2024, which is an increase of 24% compared to H1 2023.

Number of employees

%, women and men



We employed 800 employees by the end of Q2 2024, which is an increase of 20% compared to H1 2023. The share of women was 34%.

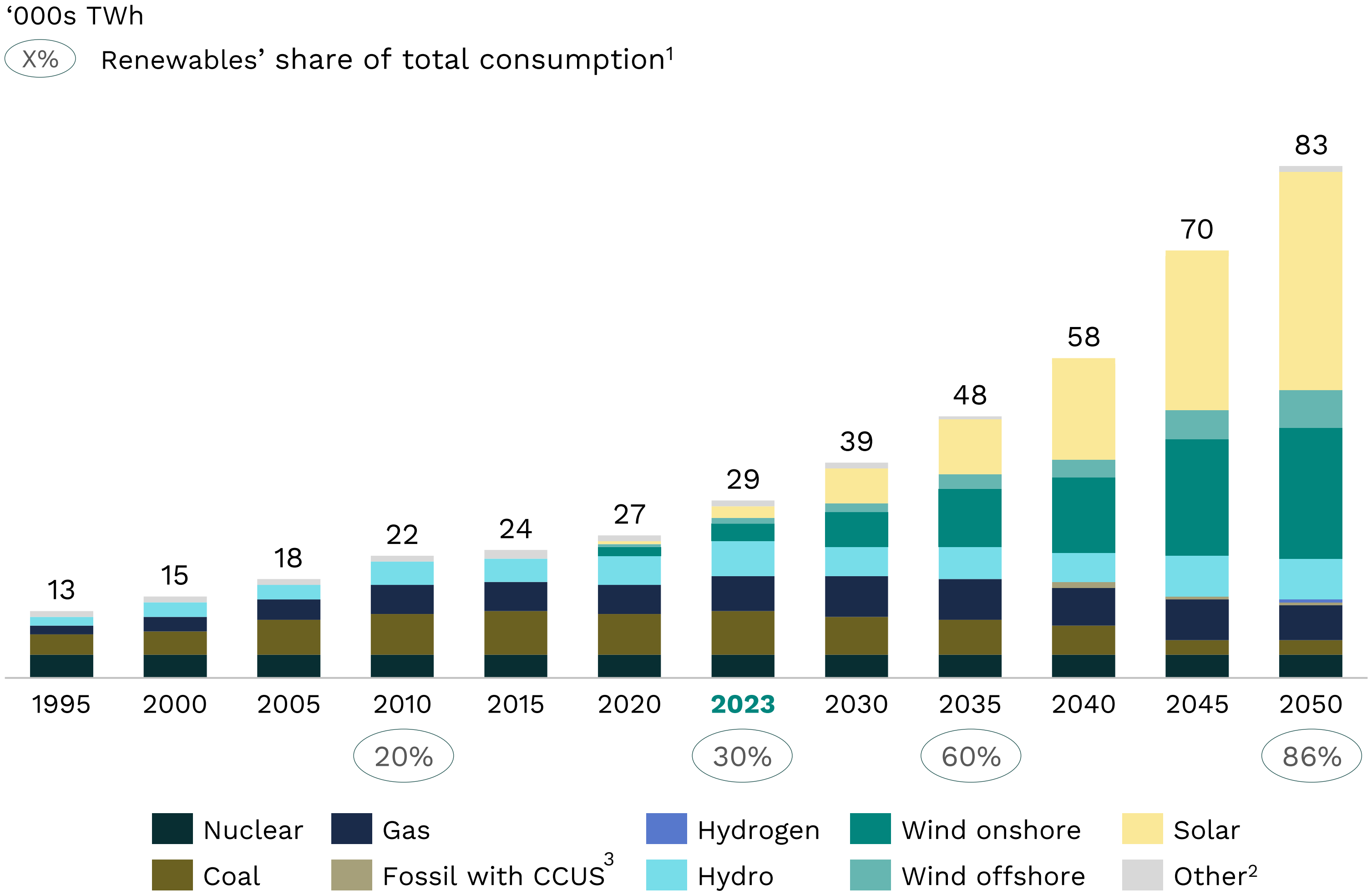
Notes: 1) The non-eligible share of Capex additions (34%) is related to office equipment and land acquisitions. Capex does not include changes in inventory, which make up most of our investments in renewable energy assets

Agenda

1. Transaction overview
2. Introduction to EE
3. Market outlook
4. Financial performance
5. Key risk factors

Renewables are projected to become the predominant source of power generation by 2035 and will account for 80-90% of power globally by 2050

Share of renewables in the power mix is projected to double in the next 15 years



Key observations

Renewables are **projected** to **lead** the **power generation mix**, reaching **~80-90%** in **2050**

Share of **RES[4]** is **expected** to **double** in the **next 15 years** from ~30% to ~60% of total power mix

Most of the **growth** in **RES** is **expected** to **come** from **solar** and **onshore wind** due to declining costs

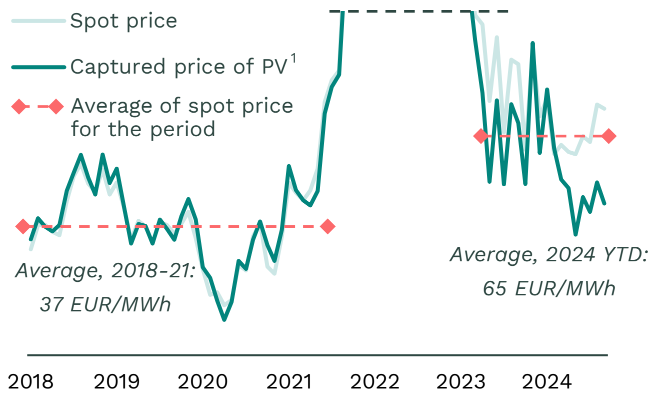
Offshore wind is **projected** to **remain limited** to **less** than **7%** of **global generation** due to permitting constraints and policy hurdles

Source: McKinsey Energy Insights Global Energy Perspective 2024 ; Ember Global Electricity Report 2024

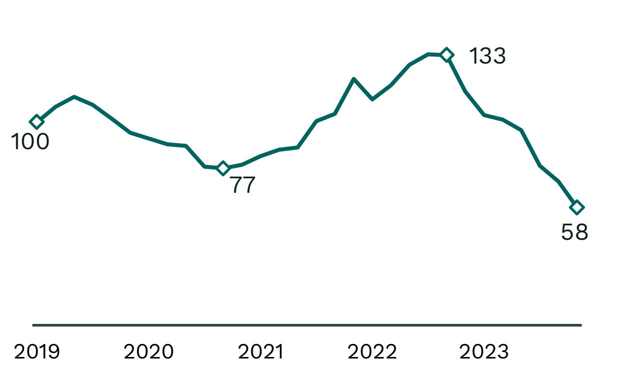
Notes: 1: Includes solar, wind, hydro, biomass, BECCS, geothermal, and marine and hydrogen-fired gas turbines, 2: Other includes bioenergy (with and without CCUS), geothermal, marine and oil, 3: Includes gas and coal plants with CCUS, 4: Renewable energy sources

Balanced ups and downs in key solar value drivers

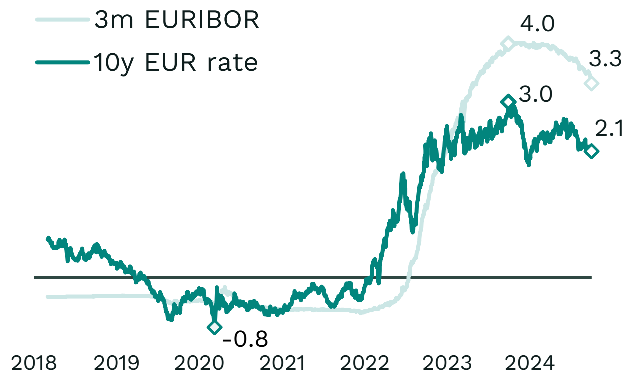
Power prices in DK1, 2018-2024 (EUR/MWh)



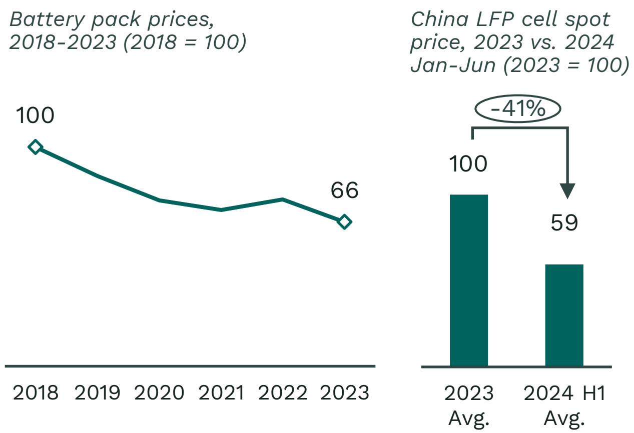
PV modules costs, 2019-2023 (Jan 2019 = 100)



Interest rates, 2018-2024 (%)



Battery cell prices



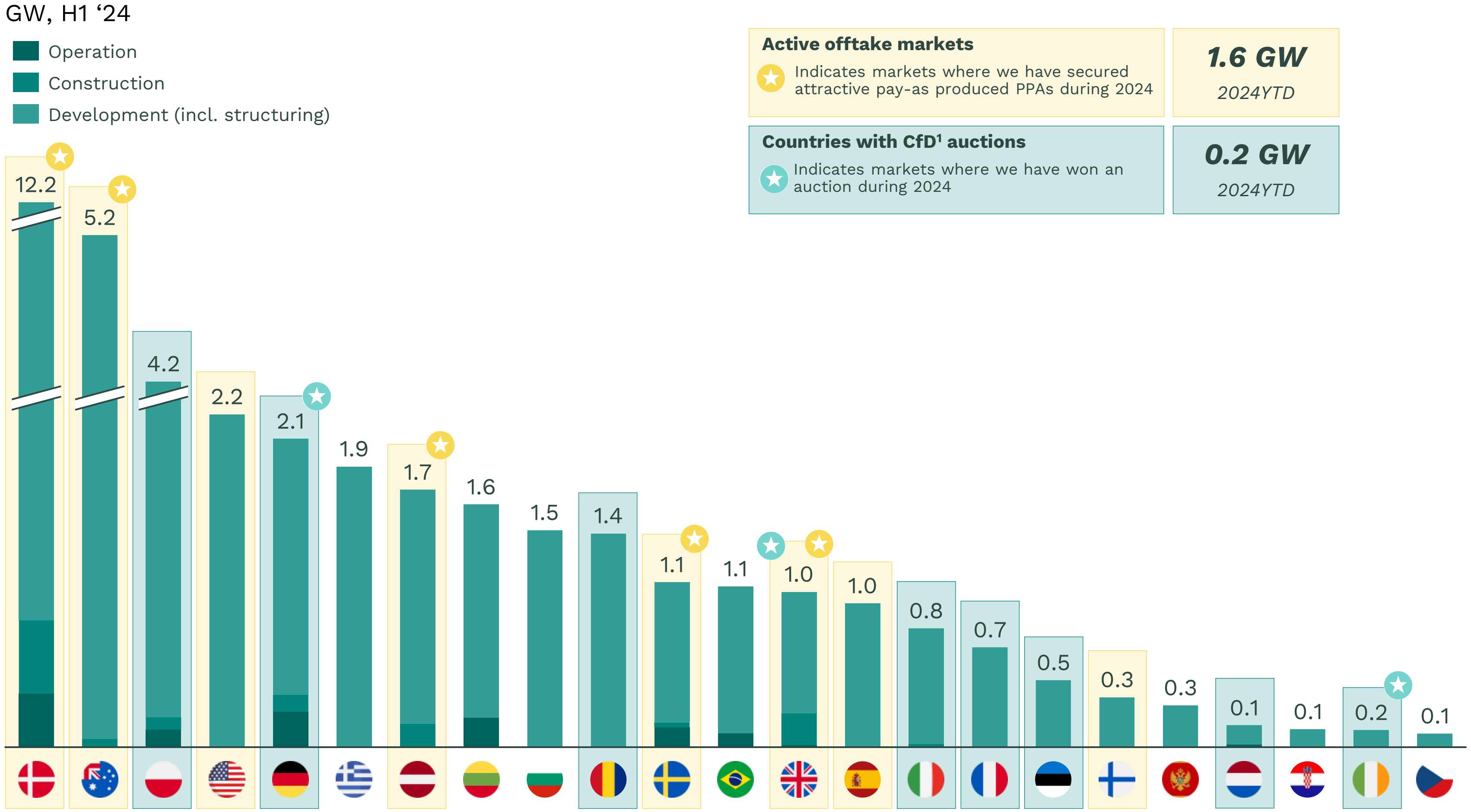
- Despite general declining power prices across Europe since peak in 2022, price are still close to double of pre-crisis levels. The pricing of new PPAs also reflects this rebasing in market levels
- High % of renewable power results in higher intra-day power price spread and negative prices mid-day. Especially solar capture ratio[2] has also declined year over year harming income from solar plants
- Interest rates have started declining in expectation of inflation coming in line with central bank goals and they have consequently started to cut rates. This will reduce financing costs and help stabilize M&A markets
- Solar panel prices continues declining to record low levels as increasing production capacity exceeds demand providing strong support for solar plant investments
- Battery prices have come down significantly lately enabling co-located battery energy storage systems with solar/wind plants. This will over time reduce price volatility and hours with negative prices

Source: EIKON, BloombergNEF

Notes: 1) The average price obtained by PV generating assets in DK1; 2) Captured price / Average of baseload price

Traction in securing new offtake agreements during 2024 stems primarily from low-risk OECD countries

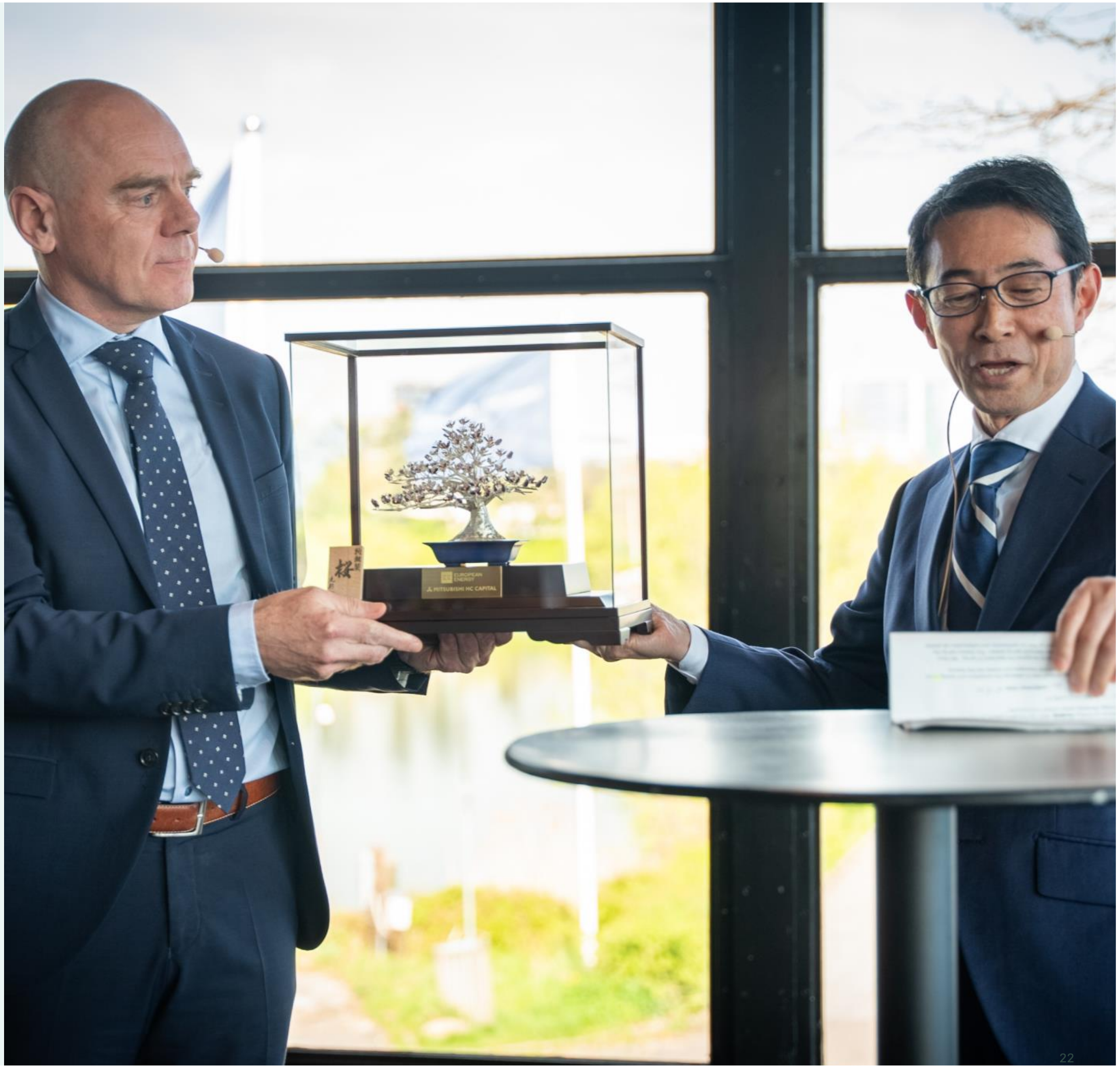
Total pipeline by country (excl. screening)



- In 2024, we have secured pay-as-produced[2] PPAs for over 1.6 GW with tier 1 bankable counterparts at attractive price levels
- Increasing power consumption from among others ICT sector and greenification of heavy industries supports PPA demand
- Nearly the entire construction portfolio is now backed by fixed offtake agreements
- Several European countries have also started to introduce government backed Contracts for Difference (CfD) auctions for new renewable energy projects
- We expect to secure additional PPAs and CfDs during the rest of 2024

Notes: 1) Contract for difference, 2) Pay-as-produced power purchase agreements are offtake agreements for a percentage of the power produced by a project

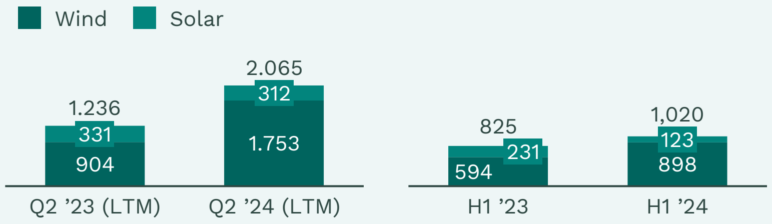
Agenda



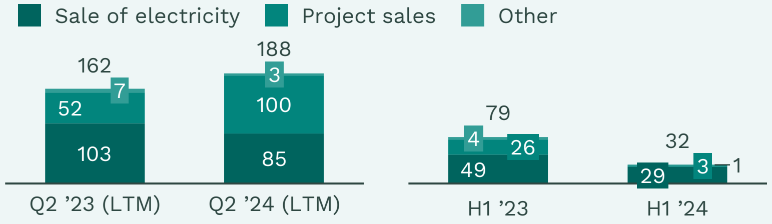
H1 2024: Financially moderate start to 2024 amid market pressure but satisfying underlying traction

- **H1 2024 EBITDA:** Earnings impacted by lower realized power prices and low project sales largely due to ordinary sales seasonality resulting in a H1 2024 EBITDA of EUR -2m down from EUR 49m the year before. However, the Q2 2024 last-twelve-month (LTM) EBITDA increased by EUR 15m or 16%.
- **Maintaining 2024 financial outlook:** With 1.7 GW of projects in active sales processes, we reaffirm our 2024 financial outlook of an EBITDA of EUR 230m and with continued growth in a profit before tax but at a lower rate than EBITDA. With most project sales expected to close in Q4, uncertainty of the outlook has increased, leading to a revised and higher risk margin of +/- 20% up from +/- 10%.
- **Record electricity generation:** The H1 2024 electricity output of 1,020 GWh represents an increase of approximately 24% compared to the year before. However, as power prices in many markets declined and balancing cost were higher, our power sales profit decreased by 42%. Q2 2024 LTM electricity output increased by 67% while gross profit decreased by 17% due to the same reasons as in H1 2024.
- **High activity:** In H1 2024, European Energy signed 9 PPAs for the delivery of 1.4 GW of renewable energy across five countries providing a significant value uplift for our projects. Also, construction activities are high and increasing, and deployment of battery storage and the near-term completion of our Power-to-X activities have generated additional economic value to the company.
- **2024 equity raise:** The Mitsubishi HC Capital Inc. agreement concluded on 16 April with a resulting EUR 700m capital injection for a 20% stake in European Energy. This will enable European Energy to make more long-term and value-creating decisions on investments and divestments. Short term, part of the proceeds has been applied for liability management, including a partial redemption of our senior bonds and a full redemption of our hybrid capital.

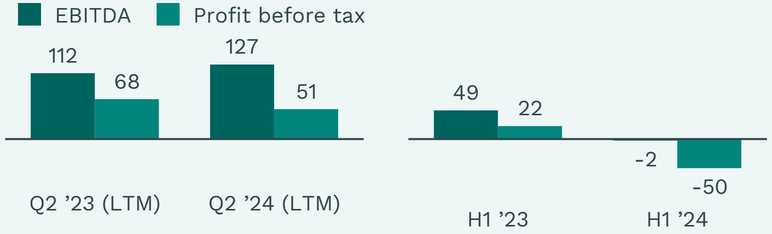
Electricity sale, GWh



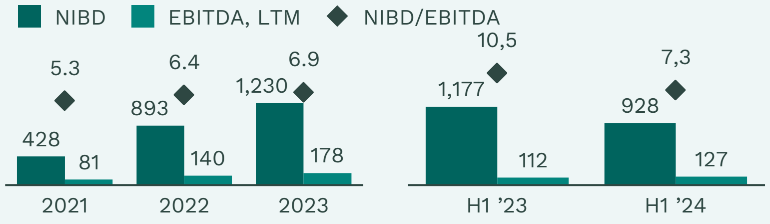
Gross profits, EURm



EBITDA and PBT, EURm



Net Debt to EBITDA LTM, EURm



Financially moderate start to 2024 amid market pressure

H1 2024 EBITDA of EUR -2m (decrease from EUR 49m in 1H 2023), driven by:

- H1 2024 gross profit from sale of energy parks and projects totaled EUR 2.7m in H1 2024 (H1 2023: EUR 26.5m) where positive profits from projects sales concluded was offset by adjustments to parks sold in previous periods, screening costs and impairments
- Gross profit from sale of energy was EUR 28.6m down from EUR 49.0m the year before mainly because of lower margin on sale of energy due to higher balancing costs and lower power prices. The latter mainly driven by lower spot prices and solar capture ratios as well as start of settlement period for hedges signed pre-energy crisis.

H1 2024 LTM EBITDA increases by 16% to EUR 127m compared to the year before due to higher project sales offset by lower profits from power sales (due to lower power prices)

H1 2024 profit before tax of EUR -50m (decrease from EUR 72m in H1 2023), driven by:

- Lower EBITDA from lower gross profit and higher salary and external costs due to higher number of FTEs
- Higher net financial expenses due to higher interest base rates and margins, one-off costs related to liability management exercise, and lower capitalized interest on projects due to the higher number of energy parks in operation.

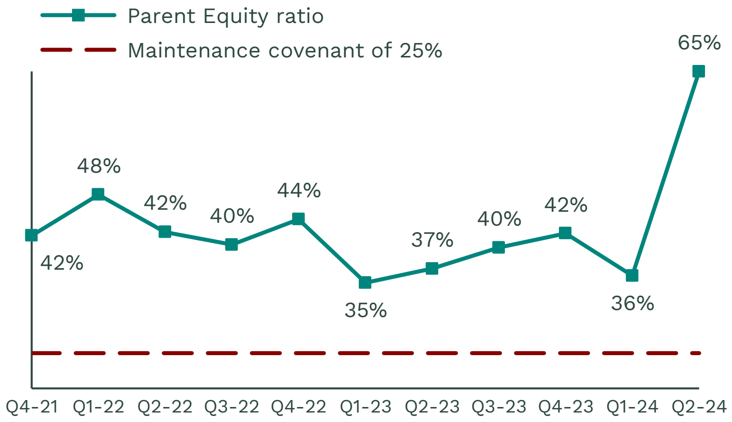
Income statement

EURm	2023 H1	2024 H1
Sale of energy parks and projects	-0	-27
Sale of energy	45	23
Asset management and other fees	5	1
Non-reportable	-	-
EBITDA	**49**	**-2**
Profit before tax	**22**	**-50**

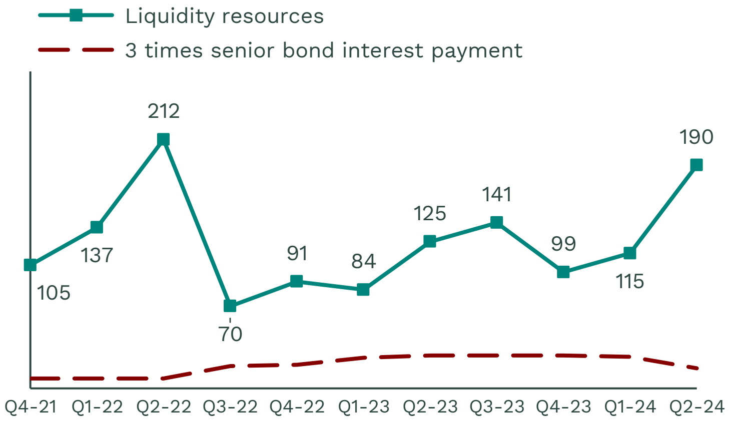
EURm	2023 H1 LTM	2024 H1 LTM
Sale of energy parks and projects	8	51
Sale of energy	96	72
Asset management and other fees	9	2
Non-reportable	-	2
EBITDA	**112**	**127**
Profit before tax	**68**	**54**

Key financial metrics improved significantly on the back of the MHC capital raise and subsequent liability management exercise

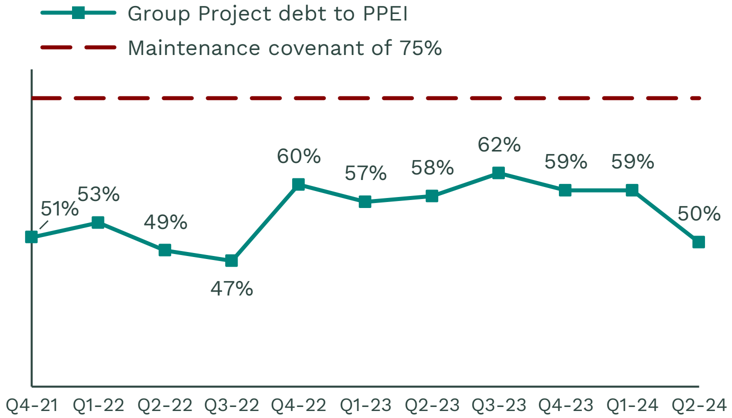
Equity ratio (Parent)



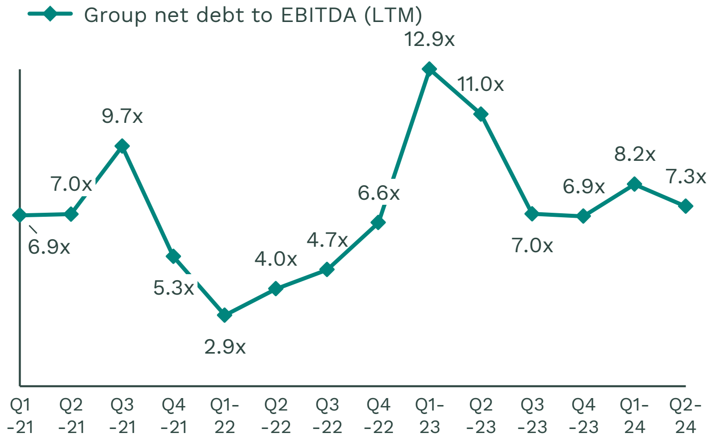
Minimum liquidity (Parent)



Project debt ratio (Group)



Leverage (Group)



Equity ratio (Parent)

- Equity / total assets
- Equity excludes fair-market-value adjustments of PPA contracts and includes only 50% of hybrid capital
- Total assets exclude cash and cash equivalents

Minimum liquidity (Parent)

- Cash, cash equivalents and undrawn committed credit facilities should correspond to at least the interest payments on the senior bonds for the next three quarters

Project debt ratio (Group)

- Consolidated project debt / consolidated PPEI
- PPEI consists of property, plant, equipment and inventories

Leverage (Group)

- Net interest-bearing debt to last twelve months of EBITDA
- Net debt primarily consisting of senior bonds, project financings and cash position

Significant increase in equity due to closing of MHC transaction

Total balance increased from EUR 2.0bn to EUR 2.4bn or 20% from YE 2023

- Total equity increases to EUR 962m or 122% from end of 2023 mainly due to MHC equity injection (EUR 697m) partly offset by full redemption of hybrid bonds (EUR 115m)
- Interest bearing debt has decreased:
  - project financing by EUR 71m
  - bond debt by EUR 154m

  mainly because part of the MHC proceeds have been applied for liability management.
- On the asset side, PPE and Inventory have increased by EUR 147m or 9% due to construction activity and low project sales while cash/cash equivalents increased from EUR 115m to EUR 234m[1]

Cash flow statements significantly impacted by MHC equity injection as well as subsequent liability management

- Positive financing cash flows mirrors the impact on equity and debt following the closing of MHC transaction and the related liability management, cf above
- 1H 24 cash flow from operating activities excl. inventories decline to EUR -39m from EUR 54m a year ago due to lower EBITDA as well as higher net interest paid due increasing base rates and margins as well as one-time effects from the concluded liability management .

Balance sheet

EURm	2023	2024 H1
Property, plant and equipment	178	182
Inventories	1,321	1,464
Equity	432	962
Hybrid capital	115	0
Net interest-bearing debt (NIBD)	1,230	928

Cash flow statement

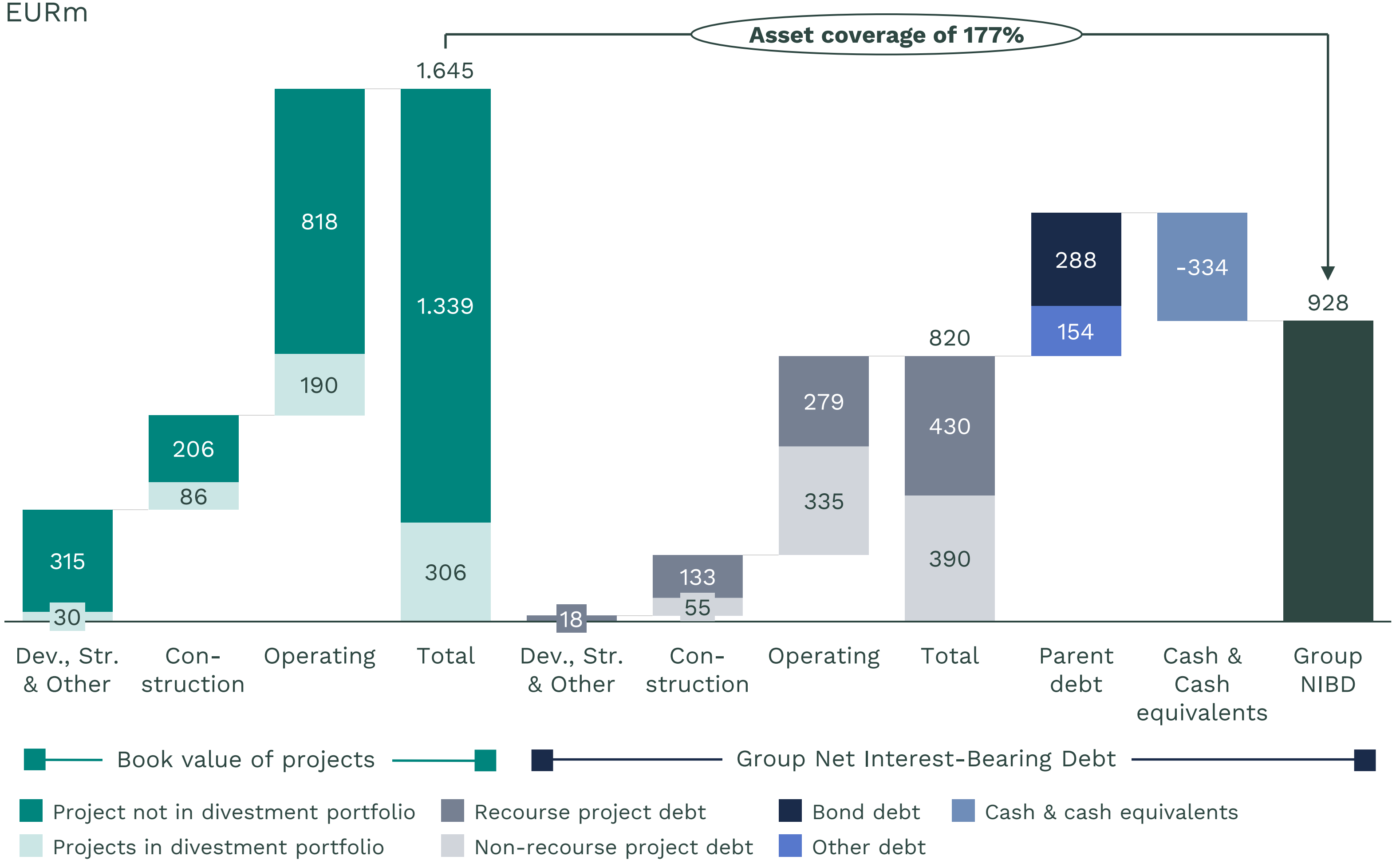
EURm	2023 H1	2024 H1
Cash flow from operating activities (excl. change in inventories)	54	-39
Change in inventories	-358	-161
Cash flow from investing activities	0	-234
Cash flow from financing activities	270	447
Change in cash and cash equivalents	**-33**	**14**
Cash and cash equivalents (balance sheet)	177	132

Notes 1) Cash and cash equivalents net of REPO'ed securities

European Energy’s robust asset coverage further improved on the back of the MHC capital raise, emphasizing the strong solvency of the Group

Breakdown of book value of assets and debt[1]

EURm



- European Energy's asset base, which includes Property, Plant & Equipment and Inventory (PPE&I), experiences continued growth from expansion- and progression of pipeline increasing book value from EUR 1,498m FY’23 to EUR 1,645m at H1’24, out of which EUR 306m currently is in the active divestment portfolio
- Asset coverage ratio end of H1’24 is 177% based on the book value of assets. Historically, European Energy has realized a profit margin of ~25% upon divestment, potentially increasing asset value by EUR ~400m and asset coverage ratio to ~220%
- End of H1’ 2024, project debt totals EUR 820m corresponding to an average debt ratio of 50%. Of this, EUR 430m (52%) had recourse to the parent. Following the completion of the projects, the project debt will be refinanced into non-recourse debt.

Notes 1) Numbers are based on H1’24 Interim Report

Agenda

Risk factors (1/14)

1. Risks Relating to the Issuer

1.1 Risks related to the Issuer's business activities

1.1.1 Construction of renewable energy projects

The Group's business comprises the construction of renewable energy projects, including wind projects, solar projects, power-to-x ("P2X") projects and battery storage projects. The Issuer has vast experience with the construction of wind and solar projects, which has been part of the Group's business since the Issuer's operations were founded in 2004 in relation to wind projects and since 2008 in relation to solar projects. By contrast, the construction of P2X projects has only become part of the Group's business within recent years. In the first half of 2024, the Group further expanded its renewable energy business by initiating its first battery storage project.

The construction of renewable energy projects (whether initially developed as a greenfield investment or acquired during the development phase) involves a number of risks. While such risks apply to all renewable energy projects, the risks may be greater and/or more difficult for the Group to manage in relation to P2X projects due to the fact that the construction of P2X projects is relatively untested and the P2X technology continues to evolve.

Significant risks during the construction phase of all renewable energy projects relate to costs and timing. The construction work may thus be subject to cost-overruns and/or delays for a number of reasons, including:

- Delayed and/or poor performance by the Group's counterparties involved in the construction, such as the construction contractors, their sub-contractors or manufacturers of key components. This may include performance issues arising from financial difficulties encountered by such counterparties or from the occurrence of unforeseen circumstances at the relevant project site, which impede the progress of the construction.
- Shortage of specialists required for the development of renewable energy projects, which may delay the completion of a project.
- Restrictions imposed on travelling between countries, such as those imposed during 2020 to 2021 as a result of the outbreak of COVID-19. Travelling restrictions may delay the construction of projects where the construction work on the Issuer's project sites is carried out by contractors with personnel sourced from other countries.
- Cumbersome procedures for obtaining requisite construction permits, grid connection and final operation permits, which may significantly delay the completion of a project.
- Increased costs of raw materials due to – inter alia – inflation risks associated with delayed completion of a project and/or warfare and international sanctions, such as those relating to Russia's military action against Ukraine that started in February 2022, which may result in higher prices and supply constraints on key materials for the Group's projects.

Any delay in the construction of the Issuer's renewable energy projects may also result in other losses to the Issuer, including:

- Loss of income from power production if the commercial operation of a project is delayed, e.g., due to outstanding final operation permits.
- Failure to benefit from attractive feed-in tariff schemes due to delayed completion of a project, whereby the project can become less profitable for the Issuer.
- Costs of meeting obligations under a power purchase agreement ("PPA") where completion of the project is delayed.

If any of the abovementioned risks were to materialise, this could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Risk rating: High.

Risk factors (2/14)

1.1.2 Divestment of projects

The Group's business model is dependent upon the ability to successfully divest projects that are either ready-to-build ("RTB") or once the construction is complete and the project is in commercial operation. There are a number of risks, which can impede the successful divestment of projects by the Group and thus adversely affect the Group's cash flow, revenue and profit as well as its ability to reinvest in new projects and to seize new business opportunities.

The demand for renewable energy projects may decrease due to, e.g., the general economic situation or to country-specific market developments, such as uncertainties with regards to the continuity of feed-in tariff schemes. The changes in the subsidy-regimes could impact the profitability of the projects negatively, and thereby lead to further decrease in the demand for renewable energy projects. Such decrease in demand can affect both the market value of and the availability of divestment opportunities for the Group's projects. Finding creditworthy and reliable buyers can prove to be time and cost intensive. As a consequence, the divestment of projects can become more difficult and less profitable for the Group.

During 2023 and 2024, the Group's sales processes have generally taken longer to conclude due to the challenging market conditions, including:

Significant volatility and uncertainty in respect of key drivers impacting the valuation of renewable energy projects, including electricity prices and ongoing discussions relating to regulatory reforms, such as potential windfall taxes on energy companies' extra-profits and potential revisions to power pricing regimes in Europe as described under the risk factor in Section 1.3.3 (Changes to legislation and regulatory regimes) below.

Significant increases in market interest rates during 2022 and 2023, which in turn have resulted in increasing return requirements of investors in renewable energy projects.

Significant inflation pressure, which have given rise to uncertainty regarding construction costs for renewable energy projects as described under the risk factor in Section 1.2.2 (Geopolitical and other macroeconomic risks, including Russian military action against Ukraine) below.

An increasing need for some institutional investors to rebalance their portfolios, thereby reducing the demand for less liquid investments such as renewable energy projects.

Challenges in obtaining debt financing for projects with base load PPAs, leading to a lower demand for projects with base load PPAs.

If the above-mentioned challenging market conditions continue and/or worsen, the Group may not be able to successfully divest its projects at attractive valuations or at all. This could in turn have a material adverse effect on the Issuer's business, financial condition and results of operations.

The Group is also exposed to risks in respect of projects that are successfully divested. When selling projects, the Group provides customary warranties, indemnities and guarantees to the buyers, often for a period of two to five years. Such warranties, indemnities and guarantees may be provided by a subsidiary of the Issuer as seller and/or by the Issuer. Among others, the Group may accept to give certain guarantees to the buyers relating to – inter alia – the project's fulfilment of permits or satisfaction of project specific criteria for receiving subsidies. Such guarantees can force the Group to allocate human and financial resources to the project after its divestment and potentially lead to direct payment obligations. In addition, a part of the sales price for a project may be withheld by the buyer or held in escrow until the fulfilment of certain conditions subsequent. This can further force the Group to allocate resources to the project after its divestment and there is a risk that the Group may not recover the full sales price if the conditions subsequent are not met and/or if the buyer defaults on its payment obligations.

Furthermore, in some instances a part of the sales price for a renewable energy project is deferred by reference to earn-out mechanisms. In this case, the revenue and income resulting from a divestment may be dependent on the productivity of the project after its divestment and may turn out to be lower than expected. Deferred payment may also expose the Group to a credit risk on the buyer of the project. Should the buyer not be able to pay an earn-out or other deferred consideration when it becomes due, this would have a negative impact on the Issuer's business, financial condition and results of operations.

Risk rating: High.

Risk factors (3/14)

1.1.3 Relationships with external partners

The Group develops, constructs and operates many of its projects in cooperation with external partners. Such partners may be, for example, equipment and component suppliers, companies or individuals who have originally developed a project and then kept a stake in it, financial investors who provide funding for the development of a project, construction contractors involved in construction activities or counterparties to PPAs or engineering, procurement and construction (“EPC”) contracts. For example, in 2023 the Group partnered with Mitsui & Co., Ltd. who invested in the Group’s e-methanol facility in Kassø.

The collaboration with external partners entail a number of risks. In particular, the Group may be exposed to risks related to its partners’ behaviour and/or financial performance.

If its partners’ business behaviour is unlawful, corrupt, unreliable, unethical or otherwise unprofessional, this may affect the Group’s reputation as it is associated with such partner(s). A deterioration of the Group’s reputation may adversely affect future business opportunities as the counterparties might pull out or offer worse conditions for future projects and collaborations. It may also impair the Group’s access to financing and its relationship with private and public stakeholders necessary for the successful development of projects.

In case of a partner’s insolvency, or if a partner’s business behaviour is unlawful, corrupt, unreliable, unethical or otherwise unprofessional, such partner may need to be replaced and the relevant projects may be confronted with a new ownership structure and subsequent legal uncertainties. This may adversely affect the access to financing for the projects or the Group’s ability to divest the projects. Furthermore, the Group’s ability to successfully develop or operate projects may be affected without the financial contributions by the partner. As a consequence, the projects may fail and the Group may lose its investments in such projects.

In a number of joint ventures and associate entities which are partly owned by the Group and partly owned by one or more partners, the Group does not have a controlling interest or only has a controlling interest with regard to some matters. The partners and the Group may have conflicting priorities and business interests. This entails the risk of disagreement or deadlock on substantial matters. Disagreement or deadlock may have negative consequences for – inter alia – the development, construction or divestment of the relevant project or could otherwise lead to the relevant project not being able to achieve its full economical potential, which could have a negative impact on the Issuer’s business, financial condition and results of operations.

Risk rating: Medium.

1.1.4 Key personnel and shareholders

The Issuer is dependent on its management, department heads and other key personnel due to the extensive knowledge and industry experience these persons possess within the Issuer’s main business areas, including solar photovoltaic (“Solar PV”), onshore wind, offshore wind, P2X and battery storage. It is critical to the Issuer’s business that it is able to attract and retain key personnel across various functions such as project development, engineering, procurement, construction, financing, acquisitions and divestments.

In an increasingly competitive environment, there is an increased risk of losing staff to competitors who may be willing and able to pay higher salaries and/or offer more competitive benefits. If the Issuer’s key personnel decides to leave the Issuer, this may result in a loss of knowhow and may delay or prevent the implementation of the Group’s projects as the Issuer may not be able to recruit personnel with comparable qualifications and expertise in a timely manner.

It is also essential that the Group is able to recruit qualified staff on a regular basis, including to support the continued expansion of the Issuer’s business. Due to the offices location in Denmark and the fact that positions in the company often require specific knowledge of a foreign market and corresponding language skills, the process of recruiting specific competences can at times persist for a prolonged period of time. If the Issuer fails to attract and retain key personnel, this may delay or prevent the implementation of the Issuer’s business strategy and thereby negatively impact the Issuer’s business, financial condition and results of operations.

In addition, the Issuer is a privately held company with four large shareholders, including the three founders of the Issuer’s business and Mitsubishi HC Capital Inc. which acquired a 20% shareholding in the Issuer in April 2024. Although the Issuer has appointed department heads and an extended management group, the Issuer remains dependent on the management of its main shareholders who founded the Issuer’s business. If any of the main shareholders suddenly and unexpectedly were to cease being involved in the management of the Issuer, this could have a negative impact on the management and operation of the Group.

Risk rating: Medium.

Risk factors (4/14)

1.1.5 Weather conditions and insurances

The production of renewable power projects depends on weather conditions, such as wind or solar conditions. If the actual weather conditions on the Group's project sites are worse than the predicted average conditions, the production and revenue from the respective projects may be reduced. Extreme weather conditions may also lead to the production being entirely shutdown.

The Group's insurance policies may not cover any or all of the losses incurred in connection with unfavourable weather conditions or natural disasters, such as storms, earthquakes, hail storms, floods and other unforeseen events. In addition, insurance against unfavourable weather conditions may not be available on commercially attractive terms or at all in certain jurisdictions where the Group operates due to, inter alia, the increasing number of extreme weather events. This could have a negative impact on the Issuer's business, financial condition and results of operations.

Risk rating: Medium.

1.1.6 Relationships with suppliers

The Group is dependent upon third party suppliers of goods and services to carry out its operations.

When constructing wind parks, Solar PV plants, P2X plants and battery storage projects the Group concludes agreements concerning delivery of construction services, components and infrastructure, etc. with suppliers. If the suppliers fail to deliver, or if deliveries are delayed or do not meet applicable standards in relation to – inter alia – product quality, this may negatively impact the construction process and could also result in the Group not being able to meet its own contractual obligations to a buyer of the project in question. During the operating phase of its assets, the Group may also engage suppliers to carry out the servicing and/or management of the Group's assets. A defaulting supplier could result in an interruption to the operations of a plant until a replacement supplier has been found. Any loss of a supplier and/or inability of a supplier to fulfil its obligations to the Group could have a negative impact on the Issuer's reputation, business, financial condition and results of operations.

The Group is further exposed to the risk of shortage in supply. Bottlenecks and/or delays can occur in all parts of the Group's supply chain. Disruptions in the supply chain can potentially result in project delays and economic losses to the Issuer.

In addition, the Group's suppliers often demand that an advance payment is made before delivery takes place, and such advance payment may not in all cases be covered by bank guarantees or other credit protection. Accordingly, there is a risk that such advance payments may be lost if the suppliers become financially distressed.

Risk rating: Medium.

1.1.7 Price fluctuations and changes in availability of raw materials, components and services

The Group requires raw materials, components and services for purposes of the development and construction of renewable energy projects. The price and availability of raw materials, components and services fluctuate depending on – inter alia – local and international supply and demand, inflation, fuel costs and transportation costs.

Metal (including steel and copper) is a principal raw material of the Group. Accordingly, an increase in the price of metal could increase the costs, and reduce the profitability, of the Group. Volatility in the market price of metal and other commodities may result from many factors that are beyond the Group's control, including uncertainties resulting from geopolitical conflicts such as the ongoing conflict between Russia and Ukraine which has resulted in an increased volatility in commodity prices. The Group generally does not engage in hedging transactions to manage such commodity price risks, but, as a general rule, enters into fixed price contracts when ordering components for projects going into construction.

The Group also requires a large amount of photovoltaic ("PV") modules, which are subject to various input raw materials. The price of PV modules can fluctuate significantly, which could have a significant negative impact on the Group's financial position. Furthermore, the Group is dependent upon ocean transportation of PV modules shipped from Asia. The international freight markets are volatile depending on global supply and demand. The Group is therefore exposed to the risk of increasing transportation costs as well as the risk of interruptions and delays in international transportation, which may result from unforeseen external events outside of the Group's control. This could have a negative impact of the Issuer's business, financial condition and results of operations.

Risk rating: Medium.

Risk factors (5/14)

1.1.8 Development of new renewable energy projects (greenfield projects) and acquisition of new renewable energy projects (projects in development)

The Group is dependent upon the successful development of new wind and solar energy projects, which requires the availability of suitable sites for the projects.

To ensure a successful project development, the project sites need to satisfy a number of criteria, including (i) favourable wind or irradiation conditions, (ii) availability of grid connection possibilities and capacity, (iii) favourable regulatory environment and (iv) ability to obtain required building permits. In parallel with the expansion of renewable energy in some of the Group's key markets (including Denmark and Germany), such sites are becoming more difficult to find and/or more expensive to acquire or to secure. Conflicts with other public/political agendas may also arise such as construction of renewable energy projects in areas where conservation of fauna and wildlife is also highly prioritised. In addition, the procedures for obtaining requisite permits and grid connection can be challenging and lead to significant delays in the development of renewable energy projects despite political initiatives to accelerate permit procedures, such as the European Wind Power Action Plan. This can adversely affect the Group's ability to successfully develop new projects and expand its business, which could have a negative impact on the Issuer's business, financial condition and results of operations.

In addition to greenfield projects, the Group acquires projects at different stages of their development. Accordingly, the Issuer is exposed to the risk that suitable projects are not available at reasonable prices. In particular, an increase in the market price of electricity may cause an increase in the price of renewable energy projects acquired by the Group, which may make the Group's investments less profitable and/or result in fewer investments.

The acquisition of projects developed by third parties also carry the risk that the projects have hidden deficiencies (such as unrealistic production prognoses or hidden liabilities). These deficiencies might not have been disclosed to the Issuer in a buyer's due diligence and might not be covered by any warranties/indemnities given by the seller. The timing of the acquisition of a project may not allow for a due diligence process that covers all detailed aspects of the project, which may increase the risk of hidden deficiencies. As a result, the Group's project acquisitions may prove less profitable than expected or even result in a loss, which could have a negative impact on the Issuer's business, financial condition and results of operations.

Risk rating: Low.

1.2 Economic and market risks

1.2.1 Fluctuations in the market price of electricity and/or certificates and PPAs

While part of the income generated by the Group's wind farms and Solar PV plants is covered by fixed prices (due to guaranteed feed-in tariffs or long term PPAs or fixed price premiums), part of the income may fluctuate with the market price of electricity and/or certificates. This exposes the Group to a risk of decrease in the price of electricity and/or certificates which could occur due to – inter alia – a reduction in the demand for electricity, weather conditions, network failures or new capacity being added to the market.

The Group does not operate with a general price hedging strategy, but may from time to time enter into hedging agreements in order to receive a guaranteed fixed price instead of a variable price for the sale of electricity and/or certificates. Such agreements may require a minimum level of production and should the production not meet the agreed minimum level – for example, due to unforeseen events or unexpected adverse weather conditions – the Group may be required to financially settle the value of the lost production under the hedging agreement. Furthermore, although the Group seeks to ensure that the PPAs that it enters into correspond to the power production of relevant project companies, this may not be possible to achieve at all times for various reasons, which in turn may result in a requirement for the Group to financially settle its obligations under the PPAs. In each case, if the spot prices at the relevant time is higher than the price obtained by virtue of a hedging agreement or PPA, this could lead to a loss which may have an adverse effect on the financial position of the Group.

The Group is further exposed to the risk of intra-day swings in electricity prices and the lack of available battery storage that can allow for the electricity to be stored and sold when prices are more favourable. The market price of electricity can be subject to significant volatility intra-day and at times even become negative due to over-production. This may result in a risk that the Group may need to cease its production and/or to sell the electricity at a loss.

In addition, in some cases the Group enters into short term market hedges with credit support arrangements that may require the Group to post cash collateral as a result of fluctuations in the market price of electricity. Any significant demands for cash collateral under the Group's hedging agreements would have a negative impact on the Group's liquidity position which in turn could potentially result in a breach of liquidity financial covenants under its financing agreements, including (but not limited to) the terms and conditions relating to the New Bonds (the "Conditions") and (ii) the revolving credit facility agreement relating to the EUR 100,000,000 green revolving credit facility provided to the Issuer by a Nordic bank club (the "Revolving Credit Facility"). Any breach of liquidity financial covenants and/or other lack of liquidity due to demands for cash collateral could have an adverse effect on the financial position of the Group and the ability of the Issuer to meet its payment obligations under the New Bonds.

Risk rating: High.

Risk factors (6/14)

1.2.2 Geopolitical and other macroeconomic risks, including Russian military action against Ukraine

Due to the Group's involvement in different geographies and markets, the Issuer is exposed to geopolitical and other macroeconomic risks, including (but not limited to) (i) fluctuations in public share prices, credit spreads, interest rates, currency exchange rates and inflation rates, (ii) economic uncertainty, including uncertainties resulting from geopolitical conflicts such as the ongoing conflict between Russia and Ukraine and tension in the Middle East and global pandemics such as COVID-19, and (iii) the overall geopolitical environment, including acts of war, terrorist attacks, security operations and international sanctions. Future market conditions in the different geographies where the Issuer operates may be less favorable compared to current and/or historical market conditions, which could adversely affect the Issuer's business.

The international macroeconomic situation is currently characterised by uncertainty due to – inter alia – increased levels of public debt in many of the leading global economies, interest rate volatility and inflation, the ongoing military conflict in Ukraine, growing tensions around the Israel and Hamas conflict and the escalation of tension in the Middle East, the upcoming election in the United States, the European energy crisis, shipping security risks around the Red Sea as well as supply-chain constraints. These macroeconomic conditions have had – and if continued or further worsened may continue to have – a material adverse effect on the international financial and capital markets. The main business risks for the Group due to this development relate to reduced access to financing through the capital markets, increasing and fluctuating energy prices, disruptions and delays to supplies (in particular from Asia) as well as increases in the price of raw materials, which may have a material adverse effect on the Issuer's business, financial condition and results of operations.

In February 2022, Russian military forces launched a military action against Ukraine. The military conflict continues to represent a source of high uncertainty. The military conflict and related imposition of sanctions against Russia have caused, and may continue to cause, a distortion of the global energy markets and supply chains leading to – inter alia – significant increases in energy and metal prices. More generally, the military conflict has had and may continue to have an adverse effect on the global and regional economies, the energy and financial markets and business prospects. If the military conflict develops in a manner that gives rise to further conflicts or tensions on a global or pan-European scale, this would exacerbate such risks even further which could have material adverse impact on the Issuer's business, financial condition and results of operations.

There is a risk that future sanctions imposed on international trade may have a negative impact on the Group's ability to conduct its business. For example, the Group purchases solar panels and steel from China for its operations in Europe. If import of solar panels and/or steel from China were to become restricted by sanctions, it may be difficult for the Group to find alternative supply sources and/or the costs of any such alternative supply sources may be higher. This could result in a significant decrease in the Issuer's business activity and have a significant negative impact of the Issuer's ability to complete existing projects and/or develop new projects. In addition, any duties and tariffs imposed on imports of solar panels and/or steel from China could have a negative impact on the profitability of the Group's projects.

The degree to which geopolitical and other macroeconomic factors may affect the Group is uncertain and presents a material risk for the Issuer's present and future business activities, financial condition and results of operations.

Risk rating: High.

1.2.3 Competition and technological development of renewable energy production

The Group operates in competitive markets. With regard to the development and subsequent divestment of renewable energy projects, there is a large number of competitors, ranging from small- and medium sized developers with a profile similar to that of the Issuer to large state-owned utilities. Also with regard to the sale of electricity and certificates at market prices, the Group is faced with competition from other power generators and operators of renewable energy plants. The competition increases the demand on the Issuer to constantly improve its development and operating activities and cut costs in order to remain competitive. Any failure to do so could lead to an advantage for the Group's competitors which would negatively impact the Group.

In addition, the technology of renewable energy generation, including wind turbine generators, Solar PV plants, P2X plants and battery storage, advances at a rapid pace. There is a risk that the Group may not be able to keep up-to-date with the technological development and/or to respond in a timely manner to any changes to the technology employed by the Group. The rapid technological development could also lead to other technological solutions for generating renewable energy surpassing the solutions currently chosen by the Group with regard to efficiency and costs. Should any of this occur, it could have a negative impact on the Group's ability to compete efficiently and/or the profitability of its projects, which could have a negative impact on the Issuer's business, financial condition and results of operations.

Risk rating: Medium.

Risk factors (7/14)

1.2.4 Power-to-X and other new technologies

The Group is involved in some of the first P2X projects in Denmark. The Group has constructed a green hydrogen facility in Måde, Denmark, which was finalised in the first half of 2024, and the Group's first green hydrogen from wind power was produced in June 2024. In addition, the Group is constructing an e-methanol facility in Kassø, Denmark, which is owned by the Group in a partnership with Mitsui & Co., Ltd.

P2X is based on mostly well-known technologies while the integration of these into P2X plants is less tested. Risks relating to P2X include – inter alia – (i) integration and construction risks of P2X plants; (ii) the risk that P2X plants over time become sub-scale and thereby cost inefficient; and (iii) technology risks, i.e., the risk that innovation may bring new green energy products to market at lower costs. As a result of such risks, the Group's current and future investments in P2X may not be profitable or even generate a loss. This could have a negative impact on the Issuer's business, financial condition and results of operations.

In addition, the Group has recently entered into other new technologies, including carbon capture (through the Issuer's acquisition of Ammongas A/S) and battery storage with the aim of countervailing the risks associated with fluctuations in the production of solar and wind energy based on weather conditions and the time of day, which may lead to periods of over- and/or under-production. The adoption of newly developed technologies involves a risk that the technologies may turn out to be unreliable or otherwise experience unexpected deficiencies, which may impair the productivity of the affected projects. If the Issuer fails to successfully adopt and develop new technologies, such as carbon capture and battery storage, this could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Risk rating: Medium

1.3 Legal, regulatory and IT risks

1.3.1 Regulatory framework and subsidies

The Group is dependent upon the successful development of new wind and solar energy projects, which in turn can be dependent upon the regulatory framework applicable from time to time. Given the comparably long development periods, renewable energy projects are particularly vulnerable to changes in this regulatory framework.

Most notably, the Issuer is affected by regulation and policy tools that benefit investments in "green energy", such as attractive feed-in tariff schemes and other subsidies. Any reduction of current actions favouring "green energy" may have a negative impact on the Issuer's business, financial condition and results of operations.

In some of the Group's renewable energy markets, the participation in attractive feed-in tariff schemes is subject to regulatory deadlines. As a result, project development activities in such markets may increase significantly in the period up to such deadlines, which may in turn reduce the supply, and increase the costs, of crucial resources for project development, such as grid connection and capacity, construction companies or technical advisors. The increase in costs for such resources may impair the profitable development of projects. At the same time, the external deadlines causing peaks in activities also lead to peaks in the Group's internal work load. There is a risk that the necessary human resources cannot be available in due time. This may prevent the successful and timely development of new projects.

Further, there is a trend towards a decrease in subsidy levels due to successful implementation of competitive auction-processes. This has led to some regimes with no or significantly reduced subsidies for renewable energy projects, which in turn may reduce the profitability of the Group's projects.

In most of the Group's key markets, there are a multitude of public and private stakeholders involved in the process of approving new green energy projects, including municipalities, governmental authorities, interest groups or local residents. These stakeholders may delay or stall the successful development of new projects. In particular, the development of new projects may be dependent on the Group's receipt of approvals and permits from public authorities (such as planning approvals) as well as satisfactory performance of environmental impact assessments. Even where the requisite public approvals and permits have been granted, they may be subject to complaints or law suits by private stakeholders, which may delay the construction of a project or even lead to its cancellation. Complaints may also be made after the project has been completed and, if such complaints are successful, the Group could potentially be required to cease operating the relevant project temporarily or even permanently. Together with the vulnerability to changes in the regulatory framework, these factors increase the risk that the Group finds itself unable to successfully develop new projects and to expand its business.

If any of the abovementioned risks were to materialise, this could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Risk rating: Medium.

Risk factors (8/14)

1.3.2 Taxation

The Group is subject to various Danish and international tax legislation applicable to its global activities, including (but not limited to) rules on transfer pricing and value added tax. As a consequence of globalisation and growing world trade, tax authorities worldwide have increased their focus on transfer pricing with respect to cross-border intra-group transactions. In the event that the Group's operations inadvertently violated transfer pricing rules, this could result in an increased tax cost.

The applicable Danish and international tax legislation may change from time to time, which could also result in an increase of the Group's tax liabilities. Tax laws are complex and subject to subjective evaluations and interpretative decisions. The Group may be subject to tax audits aimed at assessing its compliance with direct and indirect taxes, and there is a risk that the tax position taken by the Group differs from the tax authorities' interpretation of the applicable Danish and international tax legislation, which may lead to increased tax liabilities and other penalties. In May 2019 the Danish tax authorities carried out a VAT audit of the Issuer, specifically in relation to the Issuer's right to deduct VAT on expenses. Based on the VAT audit, the Danish tax authorities concluded that the Issuer had wrongly made full VAT deductions on general costs, which the Danish tax authorities did not deem as being fully deductible. As a result, the Issuer has paid additional taxes for the financial years 2017, 2018 and 2019, however the dispute is still ongoing and the final outcome is pending trial. In addition, the Group is involved in a dispute with the Danish tax authorities relating to transfer pricing for the tax years 2017, 2018 and 2019 in respect of which a total provision of EUR 3.4 million has been recognised in the Issuer's annual consolidated financial statements for the financial year ending 31 December 2023. The Danish tax authorities have not announced if they will conduct a similar audit for the tax years after 2019.

Relatedly, the Group may from time to time be involved in disputes regarding its tax position with the relevant tax authorities. Any such disputes may result in increased taxes and/or penalties if the matter is decided against the Group, as well as costs relating to conducting administrative and/or legal proceedings.

Any failure by the Group to comply with applicable Danish and international tax legislation, any changes to applicable Danish and international tax legislation and/or any unfavorable outcomes from current or future disputes or proceedings could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Risk rating: Medium.

1.3.3 Changes to legislation and regulatory regimes

The Group operates in the market for renewable energy and renewable energy projects, which is highly sensitive to changes in legislation and to the regulatory regimes in general. Support mechanism are frequently changed because of – inter alia – the changing market conditions for renewable energy and conflicting political views on what the level of support for renewable energy should be. Changes to support mechanisms may be phased in over the course of several years but may also be implemented very quickly. In all cases, the changes require the Group to re-evaluate all projects that may be affected and, as a consequence, projects representing significant value in terms of costs already incurred or future profitability could be abandoned. Furthermore, changes to support mechanisms may be made with retroactive effect (such as reducing already guaranteed tariff levels for the future or imposing additional costs on the operation of renewable energy plants) and any such retroactive changes can impair the value of the Group's assets significantly and may have a material adverse effect on the Issuer's business, financial condition and results of operations.

Changes to other parts of the legislation than what relates to support mechanisms can also have an adverse effect on the Group. This can be the case if the changes – inter alia – makes it more difficult to develop, construct or operate renewable energy projects or on a general level increase the burden of conducting a business similar to the Group's. In addition, regulators may increase the costs of permits and grid connection of renewable energy projects, which may make the projects less profitable to the Issuer.

During 2022, the market price of electricity increased significantly. Due to increasing public concern about rising energy costs combined with the announcement of strong profits by energy companies, some public authorities at EU and national level adopted measures to control prices in the energy market and/or increase the taxation of energy companies. Although the market price of electricity has decreased during 2023, energy prices remain subject to political scrutiny. Any public intervention to control energy prices and/or increase taxation of energy companies may have a material adverse effect on the value of the Group's projects and the profitability of the Group, which could in turn have a material adverse effect on the Issuer's business, financial condition and results of operations.

Risk rating: Medium.

Risk factors (9/14)

1.3.4 Cyber security and other IT risks

The Group's activities depend on the reliability and security of its information technology (IT) systems and digital security. The Danish National Centre for Cyber Security (CFCS) has assessed the risk of cyber-attacks, cyber espionage and cyber-crime aimed at the energy sector to be at the top of their defined scale.

The Group's IT systems, some of which are managed by third parties, are susceptible to being compromised, damaged, disrupted or shut down due to, inter alia, failures during the process of upgrading or replacing software, databases or components, power or network outages, hardware failures, cyber-attacks (including viruses and computer intrusions), user errors or natural disasters. The cyber threat is constantly evolving and attacks are becoming more sophisticated. The Group and its service providers may not be able to prevent third parties from breaking into the Group's IT systems or gaining access to confidential or sensitive information held in the system, which could, in severe cases, result in significant disruption of the Group's power production, business critical supplies of data and core business objectives for the Group's wind, solar and P2X parks. While the Group has not historically experienced any cyber-attacks that have had a material impact on its business, the Group cannot guarantee that its security measures will be sufficient to prevent a material disruption, breach, or compromise of its IT systems in the future, which could result in loss of revenue and/or additional costs as well as significant damage to the Issuer's reputation and business relationships.

Risk rating: Medium.

1.3.5 Risks relating to Environmental, Social and Governance

The Group is exposed to risks associated with the increasing levels of scrutiny from its stakeholders related to Environmental, Social and Governance ("ESG") matters, which continue to evolve. If the Group does not adapt to, or comply with, relevant ESG standards, regardless of whether there is a legal requirement to do so, it may have a negative impact on the Group's reputation and/or access to financing and may expose the Group to investigations and litigation.

In addition to voluntary initiatives, various legislative developments related to ESG are emerging in Europe and globally. For example, the Issuer is subject to disclosure requirements through the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The rapidly evolving legislation poses challenges for companies related to navigating the complex regulations, meeting the data and reporting requirements, and integrating necessary managements systems for the due diligence processes. If the Group does not comply with these regulations, the Group might face financial penalties and reputational damage. In addition, non-compliance with ESG regulation and standards may hinder the Group's ability to invest in projects and/or dispose of projects as ESG considerations become increasingly important for investment decisions.

Risk rating: Medium.

1.4 Risks related to the Issuer's financial condition and financing

1.4.1 Project financings

The Group generally finances its renewable energy projects through a combination of project financing debt and equity contributed by the Issuer. The project financing debt is typically raised by the relevant project company or, in some cases, an intermediate holding company or special purpose financing company. The equity is contributed to the project companies by the Issuer (directly or indirectly), including by way of capital contributions and/or subordinated shareholder loans.

In a typical project financing, the debt raised by the relevant project companies will account for a substantial proportion of the total construction costs normally in the range of 60% – 90%. Reduced availability of project financing on acceptable terms could lead to delays in the development and construction of renewable energy projects or prevent their realisation altogether. In some cases, project financings may only be available on acceptable terms or at all if offtake agreements have been obtained. Accordingly, the Group is exposed to risks relating to the development in the supply and demand of offtake agreements. Any reduced availability of project financings and/or offtake agreements required to obtain a project financing would have an adverse effect on the Group's business.

Additionally, where a construction financing has been obtained in order to construct a project without a corresponding long-term financing having been secured at the same time, there is a risk that long-term financing cannot be obtained at the relevant time or at acceptable terms. This could also be the case where the duration of a long-term financing is limited so that a new long-term financing must be secured when the first one expires. This could have an adverse impact on the Group.

Furthermore, the Group has covenants related to some of its existing project financings, requiring the borrowing entities to – inter alia – maintain certain ratios, such as debt service coverage ratios. Should it not be possible to comply with such a covenant, e.g., due to unpredicted interruption of the production, this could entitle the lender to require that an extraordinary repayment is made or could constitute a default under the terms of the loans.

The Issuer's equity contribution to the project companies also needs to be financed, either through available cash resources and/or new debt and/or equity raised by the Issuer. Accordingly, the Group's ability to secure project financings for new projects is dependent upon the Issuer being able to finance its equity contribution. Any reduced capacity to fund the relevant project companies with equity contributed by the Issuer (directly or indirectly) could lead to delays in the development and construction of renewable energy projects or prevent their realisation altogether. This would have an adverse effect on the Group's business.

Risk rating: High

Risk factors (10/14)

1.4.2 Interest rate risk

Interest rate risk is the risk that changes in market interest rates will have a negative impact on the Issuer's net profit, cash flow or the fair value of assets and liabilities.

A substantial proportion of the Group's renewable energy projects are financed with debt, usually obtained as project financing, which may have a floating interest rate. Consequently, an increase in the interest rates could adversely affect the profitability of the Group's projects and could also render projects in the development stage unviable due to the higher cost of financing. Furthermore, in some instances construction financing is obtained in order to construct a project without a corresponding long-term financing having been secured at the same time. This exposes the Group to an increase in the interest rate of the long-term financing prior to it being secured. This could also be the case where the duration of a long-term financing is limited so that a new long term financing must be secured when the first one expires.

Furthermore, the Issuer and its subsidiaries have debt that carries a floating interest rate by reference to benchmark rates such as BBSW, CDI, CIBOR, EURIBOR, SOFRA, SONIA, STIBOR and WIBOR with respect to debt denominated in AUD, BRL, DKK, EUR, USD, GBP, SEK and PLN, respectively. The Issuer and its subsidiaries may also in the future issue or borrow additional debt with a floating interest rate by reference to benchmark rates. Consequently, an increase in the applicable benchmark rates could increase the Issuer's and its subsidiaries' financing costs in respect of present and/or future debt of the Issuer and it subsidiaries. Any significant increase of the Issuer's and its subsidiaries' financing costs could have a negative impact on the Group's liquidity position and could potentially result in a breach of financial covenants under the Group's financing arrangements. This could have a material adverse effect on the Issuer's financial position and its ability to meet its payment obligations under the New Bonds.

In addition, the Issuer is exposed to the risk that interest rates may increase without a corresponding increase in inflation rates. This could result in increased financing costs for the Issuer without a corresponding increase in the Group's income from the sale of electricity, which in turn could reduce the profitability of the Group's business. Furthermore, investors may require a higher return if interest rates increase, which could in turn result in lower prices for the Group's existing and future projects. This could have a material adverse effect on the Issuer's business, financial condition and results of operation and on the Bondholders' recovery under the New Bonds.

Risk rating: High.

1.4.3 Issuer's financing arrangements and liquidity

The Issuer is dependent upon continued access to debt financing and liquidity. The Issuer's main debt financing currently consists of debt securities raised in the Nordic debt capital markets, including the Existing Bonds (2021/2025) and the Existing Bonds (2022/2026) which are proposed to be refinanced with the New Bonds. The Issuer has also entered into the Revolving Credit Facility.

The Issuer may need to issue additional debt financing in the future to finance its operations and/or refinance its existing debt financing, including the New Bonds.

The Issuer's ability to successfully refinance its debt is dependent on the conditions of the capital markets and its financial condition at such time. The Issuer's access to financing sources may not be available on favourable terms or at all. The Issuer's inability to refinance its debt obligations on favourable terms or at all could have an adverse effect on the Group's business, financial condition and results of operations and on the Bondholders' recovery under the New Bonds.

Some of the Issuer's financing agreements include financial covenants and various other covenants. If the Issuer were to breach such covenants, this could result in acceleration of outstanding credits and premature termination of the financing. Acceleration of one financing agreement could also trigger cross default clauses in other financing agreements of the Issuer, which could then lead to premature termination of those other financing agreements. The Conditions as well as the terms of the Revolving Credit Facility each include cross default and cross acceleration clauses. There can be no assurance that the Issuer will be able to fulfil financial and other covenants in its financing agreements.

The Issuer's primary sources of liquidity are cash flow from operations, cash and cash equivalent reserves, debt securities and credit facilities. The Issuer's treasury function is responsible for adequacy of the Issuer's liquidity and availability of sufficient sources of funding. Due to the nature of the Group's business operations, the Issuer's available liquidity reserves may fluctuate depending on – inter alia – the timing for sales of renewable energy projects and receipt by the Issuer of the proceeds from such sales. If the Issuer is unable to manage efficiently such fluctuations, the Issuer could face liquidity shortages.

If any of the abovementioned risks were to materialise, this could have a material adverse effect on the Issuer's business, financial condition and results of operation and thereby on the Issuer's ability to fulfil its obligations under the New Bonds.

Risk rating: High.

Risk factors (11/14)

1.4.4 Parent company guarantees

Debt financing for the development and construction of projects is typically incurred by special purpose vehicles, but may be guaranteed, in whole or in part, by the Issuer. If the Issuer has provided such parent company guarantee, the financial risks associated with the construction financing will be directly transferred to the Issuer and the risks for the Group's overall result are increased. As at 30 June 2024, the total construction debt in subsidiaries with recourse to the Issuer amounted to approx. EUR 430 million (as at 31 December 2023: EUR 552 million).

The Issuer also provide other parent company guarantees in the ordinary course of business, including – inter alia – guarantees relating to the design, procurement and construction of projects, grid connection guarantees and guarantees given in connection with divestment of projects as described under the risk factor in Section 1.1.2 (Divestment of projects) above. Thereby, the risks associated with the obligations being guaranteed are transferred directly to the Issuer and the risks for the Group's overall result are increased.

Risk rating: Medium.

1.4.5 Foreign exchange risk

Foreign exchange risk is the risk that changes in exchange rates will adversely affect the Issuer's cash flow, income statement and balance sheet.

The Group conducts the majority of its business in EUR and the annual accounts are prepared in EUR. However, the Group also has exposures towards PLN and BRL relating to its business in Poland and Brazil and, to a lesser degree, GBP and AUD relating to its business in the United Kingdom and Australia. In addition, the Group has exposures towards USD mainly relating to supplies from China.

Changes in the exchange rate between EUR and other currencies to which the Group is exposed (e.g., BRL, PLN, GBP, AUD and USD) may therefore influence the Group's financial results and could have a negative impact on the Issuer's financial condition and results of operations. This is particularly relevant where the currency in question is not subject to an exchange rate mechanism such as ERM II, which limits the exchange rate fluctuations between DKK, the currency in the Issuer's home country, and EUR. In some cases, both income and expenses are incurred in the local currency which provides a natural hedge to some extent, but in other cases there is no such match. This could increase the losses due to currency risk if no separate hedging agreements are concluded.

The Issuer's hedging strategy is focused on hedging a majority of the Group's capital expenditure incurred in currencies other than EUR and DKK. Furthermore, equity in subsidiaries is only hedged if total exposure is estimated to have a significant impact on the Group's result.

Risk rating: Medium.

Risk factors (12/14)

2. Risks Relating to the New Bonds

2.1 Risks related to the nature of the New Bonds

2.1.1 Status of the New Bonds, structural subordination and insolvency of subsidiaries

The Issuer's obligations under the New Bonds will be senior unsecured debt obligations of the Issuer. This means that, in the event of the Issuer's insolvency, including a winding-up (in Danish: konkurs) or reconstruction (in Danish: rekonstruktion) of the Issuer, the Bondholders would receive payment after secured creditors (to the extent of the value of the security) and any other prioritised creditors, including creditors whose claims are mandatorily preferred by law.

The New Bonds will rank pari passu with the Revolving Credit Facility. In addition, the Issuer may in the future issue or borrow additional debt ranking pari passu with the New Bonds. Under the Conditions, the Issuer may issue or borrow additional debt, subject to satisfaction of certain conditions, including either satisfaction of a certain incurrence test with – inter alia – certain financial ratio requirements or additional debt in the form of certain permitted financial indebtedness, all as more fully described in the Conditions.

Unsubordinated liabilities of the Issuer ranking pari passu with the New Bonds may also arise out of events that are not reflected in the financial statements of the Issuer, including, without limitation, the issuance of parent company guarantees as described under the risk factor in Section 1.4.4 (Parent company guarantees) above. Claims made under such guarantees will become unsubordinated liabilities of the Issuer, which will rank pari passu with the Issuer's obligations under the New Bonds.

The Issuer's obligations under the Revolving Credit Facility and any present and/or future additional debt incurred or guaranteed by the Issuer, may reduce the amount (if any) recoverable by the Bondholders under the New Bonds in the case of insolvency, including a winding-up (in Danish: konkurs) or reconstruction (in Danish: rekonstruktion) of the Issuer.

Furthermore, the New Bonds are structurally subordinated to all creditors of the Issuer's direct and indirect subsidiaries. This means that in the event of a liquidation, dissolution, bankruptcy or similar proceeding relating to any direct or indirect subsidiary of the Issuer, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before any entity within the Group (including ultimately the Issuer), as a shareholder, would be entitled to any payments. The Conditions also include permission for joint financing of several unrelated projects. If several subsidiaries of the Issuer are part of such a joint project financing providing for cross-guarantees and security, the creditors under such joint project financing may be entitled to claim against the assets of all such subsidiaries in priority to the New Bonds.

Defaults by, or the insolvency of, certain subsidiaries of the Issuer could also result in the obligation of the Issuer to make payments under parent company guarantees given by the Issuer in respect of such subsidiaries' obligations, which may rank pari passu in right and priority of payment with the Bondholders' claims under the New Bonds. In addition, the Issuer may decide to contribute additional equity or other financial support to its subsidiaries even in circumstances where the Issuer is not legally obliged to do so. This could reduce the assets available to Bondholders and thereby negatively impact the Bondholders' recovery under the New Bonds.

Risk rating: High.

2.1.2 Service of New Bonds and distributions from subsidiaries

The New Bonds may be serviced from revenues and profits generated directly at the Issuer (primarily asset management and EPC fees and gains on sale of shares in project companies) or available credit facilities as well as dividends and payments on shareholder loans received from the Issuer's subsidiaries.

A significant part of the Group's business is conducted through the Issuer's subsidiaries. The Issuer's subsidiaries are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer's obligations under the New Bonds or to make funds available for the Issuer to make such payments. Consequently, the Issuer is dependent on its subsidiaries' availability of cash and their legal ability to make dividends and other distributions and payments to the Issuer, which may be restricted by legal, contractual and/or commercial restrictions. Should the Issuer not receive sufficient income from its subsidiaries, there is a significant risk that the Issuer may not be able to service the New Bonds and the Bondholders may lose their investment, in whole or in part.

Risk rating: Low.

Risk factors (13/14)

2.1.3 Early redemption – put option and call option

Under the Conditions, each Bondholder has the right (put option) to require that the Issuer purchases all or some of its New Bonds upon the occurrence of a Put Option Event (as defined in the Conditions) at a specified price. If a Put Option Event were to occur, the Issuer may not have sufficient funds available or may not be able to obtain the funds needed, to redeem or pay the repurchase price for all of the New Bonds put to it by the Bondholders. Failure to redeem or repurchase the New Bonds would adversely affect the Issuer, e.g., by causing insolvency or an event of default under the Conditions, and thus adversely affect all the Bondholders and not only those that choose to exercise the put option.

In addition, the Conditions include certain rights of the Issuer (call option) to redeem the New Bonds, in whole or in part, prior to the maturity date at various call prices during the lifetime of the New Bonds. During any period when the Issuer is able to redeem the New Bonds, the market value of the New Bonds may not rise substantially above the price at which they can be redeemed. This may also be true prior to any such period. The Issuer may be expected to redeem the New Bonds when the Issuer's cost of borrowing, generally or in respect of instruments which provide benefits to the Issuer similar to those of the New Bonds, is lower than the interest payable on the New Bonds. At such times, the Bondholders would generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest payable on the New Bonds being redeemed and may only be able to reinvest the redemption proceeds at a significantly lower rate.

Risk rating: Low.

2.1.4 Risks associated with the regulation and reform of EURIBOR

EURIBOR and other interest rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective while others are yet to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted.

Regulation (EU) 2016/1011 (the "Benchmark Regulation"), published in the Official journal of the European Union on 29 June 2016 and applicable from 1 January 2018, could have a material impact on the New Bonds linked to EURIBOR, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmark Regulation. Such changes could – inter alia – have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark.

If EURIBOR were to be discontinued or otherwise unavailable, the rate of interest on the New Bonds may be affected. In this case, the rate of interest on the New Bonds will be determined in accordance with the replacement of reference rate provisions as further set out in the Conditions.

Any future regulation and reform of EURIBOR, including any temporary or permanent discontinuance of the current EURIBOR, could have a material adverse effect on the value of and return on the New Bonds linked to EURIBOR.

Risk rating: Low.

Risk factors (14/14)

2.2 Risks related to the suitability of the New Bonds as an investment

2.2.1 Secondary market and liquidity risk

The New Bonds will not be listed on the date of issuance. The Issuer will apply for listing of the New Bonds on Nasdaq Copenhagen A/S within six months of the date of issuance.

Although the Issuer will apply for listing of the New Bonds, the Issuer cannot assure that an active and liquid trading market will develop or be maintained for the New Bonds.

The market price of the New Bonds could be subject to significant fluctuations. Historically, the markets for debt such as the New Bonds have been subject to disruptions that have caused substantial volatility in their prices. The market, if any, for the New Bonds may be subject to similar disruptions which may have a material adverse effect on the New Bonds. In recent years, the global financial markets have experienced significant price and volume fluctuations following, in particular, the outbreak of COVID-19 and the ongoing military conflict following Russia's invasion in Ukraine, which, if continued, expanded and/or repeated in the future, could adversely affect the market price of the New Bonds without regard to the Group's business, financial position, earnings and ability to make payments under the New Bonds.

In addition, pursuant to the Conditions, all trades in the New Bonds shall be in a minimum nominal amount of EUR 100,000. If a Bondholder holds New Bonds of less than a nominal amount of EUR 100,000 due to, e.g., a partial redemption of New Bonds in accordance with the Conditions, the Bondholder cannot sell the remaining New Bonds without first purchasing New Bonds to increase its holding above EUR 100,000. Since all trades in the New Bonds must be in a minimum nominal amount of EUR 100,000, the Bondholder must then purchase New Bonds in a nominal amount of at least EUR 100,000. Accordingly, an investment in the New Bonds is only suitable for investors who can bear the risks associated with the prohibition on selling and/or buying the New Bonds in nominal amounts of less than EUR 100,000.

Each of the above, alone or in combination, may result in a Bondholder not being able to sell its New Bonds or at a price that will provide such Bondholder with a yield, which is comparable to similar investments that have a developed and liquid secondary market. This means that a Bondholder may be exposed to the risks related to the Issuer until the New Bonds reach the maturity date.

Risk rating: Low

2.2.2 Classification as "green" bonds

The Issuer will apply the net proceeds of the New Bonds to finance or re-finance a portfolio of eligible projects (the "Eligible Projects") as further described in the Issuer's green finance framework dated October 2024 (the "Green Finance Framework").

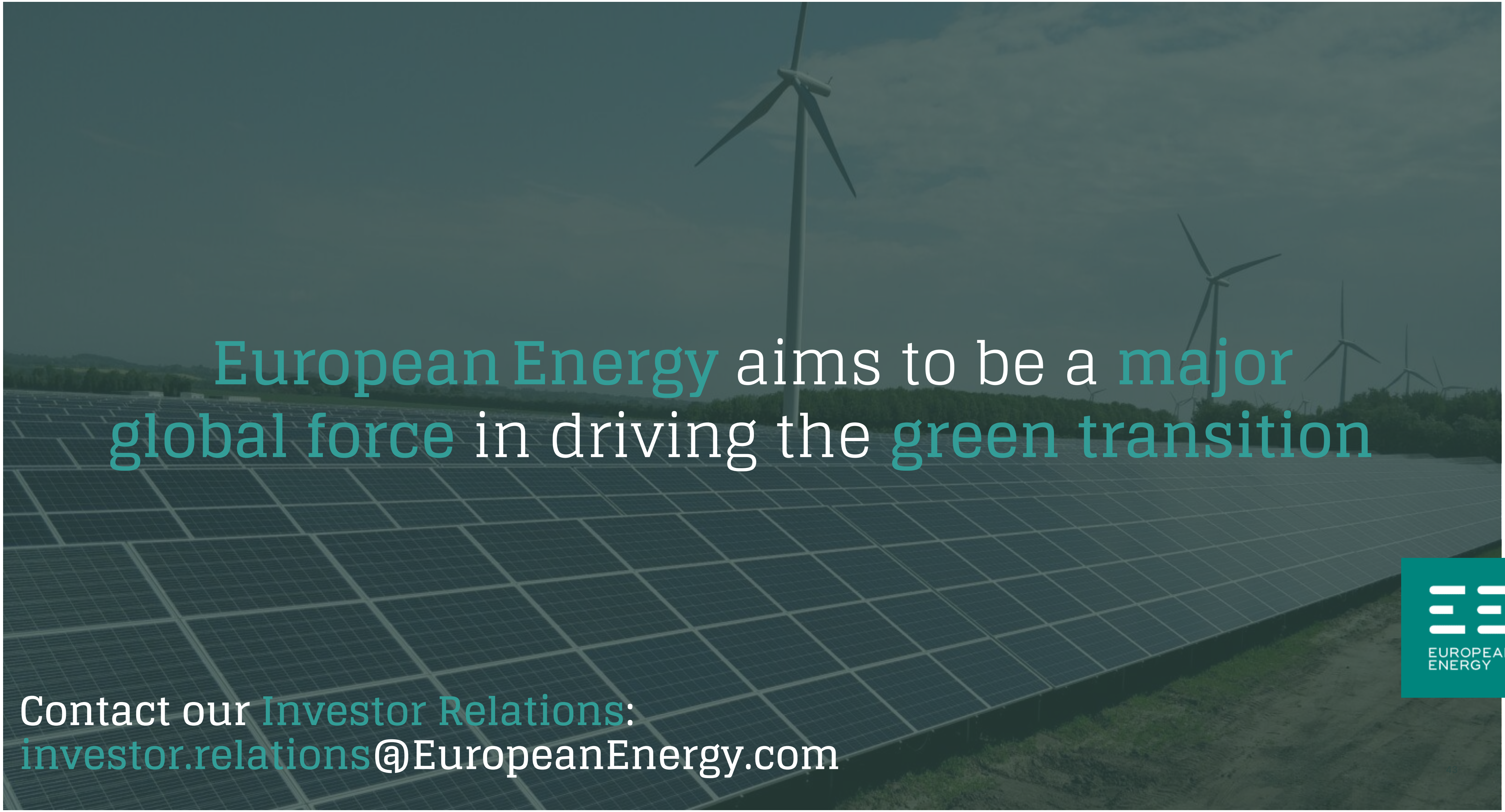
While it is the intention of the Issuer to use the net proceeds of the New Bonds and to report on such use of proceeds as described in the Green Finance Framework, there is a risk that suitable Eligible Projects will not be available and/or capable of being implemented in the manner and timeframe anticipated. An amount equal to the net proceeds of the issue of the New Bonds which, from time to time, are not allocated as funding for Eligible Projects is intended by the Issuer to be held in accordance with the Issuer's normal liquidity management policy pending allocation. In addition, there is a risk that the Eligible Projects will not generate the environmental or other outcome as originally expected or anticipated by the Issuer. Any such event will not constitute a contractual breach, a default or event of default, or otherwise result in the New Bonds being redeemed prior to their maturity date under the Conditions and could reduce the demand and liquidity for the New Bonds and the market price of the New Bonds.

Furthermore, in light of the continuing development of legal, regulatory and market convention in the green and sustainable financing market, there is a risk that the application of the net proceeds of the New Bonds in accordance with the Green Finance Framework may not satisfy, in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply (for example in respect of complying with all criteria of the EU taxonomy set forth in the EU Taxonomy Regulation as described below), whether according to any present or future applicable law or regulations or by such investor's own by-laws or other governing rules or investment portfolio mandates. This may in turn have a negative impact on the pricing of the New Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular green purpose.

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the "EU Taxonomy Regulation") provides criteria for determining whether an economic activity qualifies as "environmentally sustainable" for the purposes of establishing the degree to which an investment is environmentally sustainable. The EU taxonomy set forth in the EU Taxonomy Regulation has been and remains subject to further development by way of the implementation by the European Commission, through delegated regulations, of technical screening criteria for the environmental objectives set out in the EU Taxonomy Regulation. Any further delegated act that is adopted by the European Commission in the implementation of the EU Taxonomy Regulation may evolve over time with changes to the scope of activities and other amendments to reflect technological progress, resulting in regular review to the relating screening criteria. Although the Issuer has referenced the "substantial contribution criteria" of the EU taxonomy set forth in the EU Taxonomy Regulation when developing the Green Finance Framework, the Eligible Projects will not be fully aligned with the EU taxonomy, including the criteria relating to "do no significant harm" and "minimum safeguards".

On 30 November 2023, Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (the "EU Green Bond Regulation") was published in the Official Journal of the European Union. The EU Green Bond Regulation entered into force on 20 December 2023 and will apply from 21 December 2024. The EU Green Bond Regulation introduces a voluntary label ("European Green Bond" or "EuGB") for issuers of "green" use of proceeds bonds where the proceeds will be invested in economic activities aligned with the EU taxonomy set forth in the EU Taxonomy Regulation. The New Bonds will not be aligned with such standard for European Green Bonds and are intended to comply with the criteria and processes set out in the Issuer's Green Finance Framework only. It is not clear at this stage what impact the EU Green Bond Regulation may have on investor demand for, and pricing of, "green" use of proceeds bonds that do not meet the standard For European Green Bonds. There is a risk that it could reduce demand and liquidity for the New Bonds and the market price of the New Bonds.

Risk rating: Low.


European Energy aims to be a major global force in driving the green transition
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